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ABSTRACT

This report presents testimony from the final 2 of a series of 44 hearings conducted in the District of Columbia and across the nation on the reauthorization of the Higher Education Act of 1965, and contains the text of four bills proposed as amendments to the Higher Education Act. On the first day of testimony a panel of witnesses suggested reforms for the federal need analysis contained in the Higher Education Act. (These needs analyses are formulas used to determine student financial need for the purpose of distributing federal aid.) Among the witnesses were representatives from the administration, students, higher education institutions, teachers, aid administrators, the college Board and the Advisory Committee on Student Financial Assistance. The second day of testimony was concerned with reform of the need analysis system and with campus safety, especially for women. A member of the House of Representatives for New Jersey, Marge Roukema, discussed restoring access to working families and middle income families and submitted an amendment designed to enact her recommendations. Next, California member of the House of Representatives, Barbara Boxer, testified in favor of amendments to the Higher Education Act titled: "Safe Campuses for Women," "Equal Justice for Women in the Courts," and "Campus Sexual Assault Victims' Bill of Rights Act of 1991." A third panel of witnesses from institutions of higher education and higher education professional associations testified on student financial need analysis. The prepared statements of the witnesses as well as of others not present are included. (JB)

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HEARINGS ON THE REAUTHORIZATION OF THE HIGHER EDUCATION ACT OF 1965: NEED ANALYSIS

ED343500

HEARINGS

BEFORE THE

SUBCOMMITTEE ON POSTSECONDARY EDUCATION

OF THE

COMMITTEE ON EDUCATION AND LABOR
HOUSE OF REPRESENTATIVES

ONE HUNDRED SECOND CONGRESS

FIRST SESSION

HEARINGS HELD IN WASHINGTON, DC, JULY 31 AND AUGUST 1, 1991

Serial No. 102-73

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CONTENTS

	Page
Hearings held in Washington, DC:	
July 31, 1991	1
August 1, 1991	119
Text of H.R. 190	254
Text of H.R. 933	149
Text of H.R. 1117	137
Text of H.R. 1502	160
Text of H.R. 2363	181
Statement of:	
Boxer, Hon. Barbara, a Representative in Congress from the State of California and Hon. Jim Ramstad, a Representative in Congress from the State of Minnesota	155
Delaney, Jean, Director of International Education, University of Colorado-Boulder, Boulder, CO; Anthony Lolli, Vice President of Enrollment Management and Student Services, William Paterson College, Wayne, NJ; Sharon Shuster, President, American Association of University Women, Washington, DC; and Jim Harrison, President, Association of Urban Universities, Washington, DC	198
Farrell, Mike, Acting Assistant Secretary, Office of Postsecondary Education, U.S. Department of Education; Tajel Shah, Student, Rutgers University, New Brunswick, NJ; Dr. Stanley Koplik, Chairman, Advisory Committee on Student Financial Assistance, Washington, DC; Sharon Thomas-Parrott, Vice President for Government Relations, DeVry Inc., Evanston, IL; Elizabeth Hicks, Coordinator of Financial Aid, Harvard University, Cambridge, MA; Elaine Neely-Eacona, Director of Financial Aid, Education Medical Incorporated, Alpharetta, GA; and Joel Packer, Legislative Specialist, National Education Association, Washington, DC.	4
Roukema, Hon. Marge, a Representative in Congress from the State of New Jersey	129
Prepared statements, letters, supplemental materials, et cetera:	
Boxer, Hon. Barbara, a Representative in Congress from the State of California, prepared statement of	158
Cross, Dr. Dolores E., President, Chicago State University, prepared statement of	248
Delaney, Jean, Director of International Education, University of Colorado-Boulder, Boulder, CO, prepared statement of	201
Farrell, Mike, Acting Assistant Secretary, Office of Postsecondary Education, U.S. Department of Education, prepared statement of	7
Ford, Hon. William D., a Representative in Congress from the State of Michigan, miscellaneous letters regarding reauthorization of the Higher Education Act	255
Freeman, Ernest T., President, Education Resources Institute, prepared statement of	275
Harrison, Jim, President, Association of Urban Universities, Washington, DC, prepared statement of	239
Hicks, Elizabeth, Coordinator of Financial Aid, Harvard University, Cambridge, MA, prepared statement of	64
Koplik, Dr. Stanley, Chairman, Advisory Committee on Student Financial Assistance, Washington, DC, prepared statement of	29
Lolli, Anthony, Vice President of Enrollment Management and Student Services, William Paterson College, Wayne, NJ, prepared statement of	213
National Home Study Council, prepared statement of	267
Neely-Eacona, Elaine, Director of Financial Aid, Education Medical Incorporated, Alpharetta, GA, prepared statement of	78

Page

Prepared statements, letters, supplemental materials, et cetera—Continued
Packer, Joel, Legislative Specialist, National Education Association, Washington, DC, prepared statement of 86
Ramstad, Hon. Jim, a Representative in Congress from the State of Minnesota, prepared statement of 177
Roemer, Hon. Tim, a Representative in Congress from the State of Indiana, prepared statement of 125
Roukema, Hon. Marge, a Representative in Congress from the State of New Jersey, prepared statement of 133
Sagawa, Shirley, Senior Counsel and Director of Family and Youth Policy, National Women's Law Center, prepared statement of 282
Sawyer, Hon. Thomas C., a Representative in Congress from the State of Ohio, prepared statement of 3
Shah, Tajel, Student, Rutgers University, New Brunswick, NJ, prepared statement of 17
Shuster, Sharon, President, American Association of University Women, Washington, DC, prepared statement of 220
Solomon, Hon. Gerald B. H., a Representative in Congress from the State of New York, prepared statement of 146
Thomas-Parrott, Sharon, Vice President for Government Relations, DeVry Incorporated, Evanston, IL, prepared statement of 36

HEARING ON THE REAUTHORIZATION OF THE HIGHER EDUCATION ACT OF 1965: NEED ANALYSIS

WEDNESDAY, JULY 31, 1991

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON POSTSECONDARY EDUCATION,
COMMITTEE ON EDUCATION AND LABOR,
Washington, DC.

The subcommittee met, pursuant to notice, at 9:30 a.m., Room 2175, Rayburn House Office Building, Hon. William D. Ford [Chairman] presiding.

Members present: Representatives Ford, Hayes, Sawyer, Serrano, Andrews, Jefferson, Reed, Roemer, Kildee, Coleman, Klug, Roukema, Gunderson, and Barrett.

Staff present: Thomas Wolanin, staff director; Maureen Long, legislative assistant/clerk; Gloria Gray-Watson, administrative assistant; and Rose DiNapoli, minority staff director.

Chairman FORD. I am pleased to convene the Subcommittee on Postsecondary Education for this, the 43rd of a series of 44 hearings on the reauthorization of the Higher Education Act. I'm trying not to reveal the feeling of relief I have to get closer to the end of the 44 hearings.

Today is the first of two hearings the subcommittee will conduct on the issue of need analysis. These hearings are being held at this time because the National Association of Student Financial Aid Administrators is in Washington this week for their annual conference. I would especially like to welcome the aid administrators who are with us this morning to help the committee.

Today, we will hear from a distinguished panel of witnesses on their suggestions for reforms for the Federal need analysis contained in the Higher Education Act. These need analyses, known as the Pell Need Analysis and Congressional Methodology, are the formulas that are used to determine the need of students for the purpose of distributing Federal aid.

We have before us representatives from the administration, the students, institutions, teachers, and aid administrators, the College Board, which played a historical role in the development of need analysis, and the Advisory Committee on Student Financial Assistance, which Congress created during the last reauthorization to advise us on need analysis and other issues.

I'd like to extend a special welcome to Michael Farrell, the Acting Assistant Secretary for the Office of Postsecondary Education, for his fourth appearance here before us. He is becoming a

regular at the table and has been doing yeoman's work in representing the administration's point of view here. I look forward to the suggestions and comments of our witnesses.

Mrs. Roukema?

Mrs. ROUKEMA. Thank you, Mr. Chairman. I will confine my remarks to my testimony tomorrow. I am most eager to hear what Mr. Farrell, on the panel, has to say. I have a conflict with a markup in the Banking Committee, but I do welcome the panelists here today. Thank you.

Chairman FORD. Are you testifying tomorrow?

Mrs. ROUKEMA. That was my understanding. Has the time been changed?

Chairman FORD. I didn't know you were testifying.

Mrs. ROUKEMA. I didn't know it either until today. Yes, I am testifying tomorrow, Mr. Chairman.

Chairman FORD. If you're going to testify I'll come early.

Mrs. ROUKEMA. I hope so.

Chairman FORD. Mr. Hayes?

Mr. HAYES. Thank you, Mr. Chairman.

I too have a conflict about being in another subcommittee meeting shortly, but I did want to introduce and welcome a fellow Chicagoan, Ms. Sharon Thomas-Parrott, of DeVry Incorporated. Sharon is the vice president, I think people ought to know, of Government Relations of DeVry, Inc.

She is a proud graduate of the public schools in Chicago, having attended, I understand, the school where one of my daughters, Charlene, went. Ms. Parrott received her bachelor of arts degree, as well as a master's degree, at the University of Illinois.

For the last 20 years, she has toiled in the field of higher education, including a stint with the Department of Education Student Financial Aid Assistance Division. Aside from Ms. Parrott's duties at DeVry, she served on the committee of the College Board.

I want to welcome Ms. Parrott here today and personally thank her for her efforts on behalf of DeVry, an institution known throughout Chicago and the Nation. DeVry is known as an institution which provides high quality career-oriented education programs in business and technology to a diverse student population.

In the 1989 and 1990 school years, 31 percent of baccalaureate degrees in computer information systems awarded to black and Hispanic students by all colleges and universities were granted by DeVry. This, I believe, is quite a significant contribution. I commend DeVry for its commitment to the education of minority students.

Again, please let me welcome Ms. Parrott to the committee and I look forward to her, along with other witnesses, insight on the issue of need analysis.

Thank you, Mr. Chairman, for allowing me the time even though I have to run.

Chairman FORD. Mr. Barrett?

Mr. BARRETT. I would also welcome our panel of experts, Mr. Chairman. No opening statement.

Thank you.

Chairman FORD. Mr. Roemer?

Mr. ROEMER. Thank you, Mr. Chairman. I just have a very brief opening statement. I too would like to welcome the distinguished panelists to our hearing this morning. I look forward to hearing their insights on such an important topic.

We just had a field hearing in South Bend, Indiana, last Friday, where we discussed the need analysis. We had very enlightening testimony from different students in my district. I look forward to Ms. Shaw's testimony this morning to get her very candid and frank remarks.

During the course of the field hearing, we heard three themes from students in their testimony; they were eligibility, integrity, and simplicity. I hope we hear those words today and we hear some answers.

Finally, Mr. Chairman, I also would like to welcome Joe Russo, who is in the audience. He is the Financial Aid Director at the University of Notre Dame, who testified at our field hearing. One final comment from the mother of one of our students at the field hearing I think said something very simply and articulately when she was talking about the financial aid form. She said, "You need a college degree just to fill out an application to go to college."

I hope we get some answers out there from the panel as to how we simplify the process and make it more fair for our students and our non traditional students going to school. Thank you, Mr. Chairman.

Chairman FORD. Mr. Sawyer?

Mr. SAWYER. Mr. Chairman, I will forego an opening statement if the rest of the committee will agree to have what I have written included in the record at the appropriate time.

Chairman FORD. Without objection.

[The prepared statement of Hon. Thomas C. Sawyer follows:]

STATEMENT OF HON. THOMAS C. SAWYER, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF OHIO

The formula and process used to determine how much financial assistance a student *needs* to attend college—or need analysis—is the underpinning of the financial aid programs in the Higher Education Act.

How hard it is to fill out an application for financial aid, whether a student is charged for the application determines which students apply.

Once a student does apply, the formula used to determine how much that student, and the family, can contribute to the costs of higher education, often decides who actually goes to college.

We must make sure that the process of applying for Federal financial aid is as simple and accessible as possible, and that these Federal funds are distributed in a way that gives the most help to the greatest number of students.

I look forward to hearing the ideas of our witnesses on this important issue.

Chairman FORD. Mr. Reed?

Mr. REED. Thank you, Mr. Chairman. I have no formal opening statement. I am just eager to listen to the witnesses.

Thank you very much, Mr. Chairman.

Chairman FORD. Thank you.

Now we call forward Mr. Mike Farrell, Acting Assistant Secretary, Office of Postsecondary Education, U.S. Department of Education; Tajel Shah, student, Rutgers University, New Brunswick, New Jersey; Dr. Stanley Koplik, Chairman, Advisory Committee on Student Financial Assistance, Washington, DC; Ms. Sharon Thomas-Parrott, Vice President for Government Relations, DeVry

Incorporated, Evanston, Illinois; Ms. Elizabeth Hicks, Coordinator of Financial Aid, Harvard University, Cambridge, Massachusetts; Ms. Elaine Neely-Eacono, Director of Financial Aid, Education Medical Incorporated, Alpharetta, Georgia; and Mr. Joel Packer, Legislative Specialist, National Education Association, Washington, DC.

I should point out to the student who is represented on the panel this morning that we first met Joel in this committee many years ago as a student lobbyist, and he never left town. Right behind him is another one. The two of them came here, I referred to them as "those two raggedy kids hanging around here bugging us about the students' view on education." They both stayed, and they are now both professional hired guns for education associations.

Keep that in mind, and if somebody offers you a job here, think about it a long time. You could end up like either one of them.

Chairman FORD. Mr. Farrell.

Without objection, the prepared statements of each of the witnesses will be inserted in the record immediately following their oral presentations this morning.

STATEMENTS OF THE HONORABLE MICHAEL FARRELL, ACTING ASSISTANT SECRETARY, OFFICE OF POSTSECONDARY EDUCATION, U.S. DEPARTMENT OF EDUCATION, WASHINGTON, DC; TAJEL SHAH, STUDENT, RUTGERS UNIVERSITY, NEW BRUNSWICK, NEW JERSEY; STANLEY KOPLIK, CHAIRMAN, ADVISORY COMMITTEE ON STUDENT FINANCIAL ASSISTANCE, WASHINGTON, DC; SHARON THOMAS-PARROTT, VICE PRESIDENT FOR GOVERNMENT RELATIONS, DEVRY INCORPORATED, EVANSTON, ILLINOIS; ELIZABETH HICKS, COORDINATOR OF FINANCIAL AID, HARVARD UNIVERSITY, CAMBRIDGE, MASSACHUSETTS; ELAINE NEELY-EACONA, DIRECTOR OF FINANCIAL AID, EDUCATION MEDICAL, INC., ALPHARETTA, GEORGIA; AND JOEL PACKER, LEGISLATIVE SPECIALIST, NATIONAL EDUCATION ASSOCIATION, WASHINGTON, DC

Mr. FARRELL. Thank you, Mr. Chairman and members of the committee.

Last night I was reviewing my testimony. As part of that I went over a need analysis form. At that point I thought of phoning in sick today. Despite that, I am here. I made it through the form; it took some trying.

I am pleased to appear before the subcommittee to present the Department's recommendations for modifying the need analysis formulas that determine individual eligibility. The assistance programs have become an indispensable part of the college experience.

The results of need analysis must be an objective measurement of the resources needed by a student to complete his or her studies. Our proposal includes measures to simplify the application process, provide equitable treatment, and reduce opportunities for fraud and abuse.

Together with our Pell award rules, which are designed to direct grant funds to those least able to pay and most likely to benefit, our need analysis proposals would allow us to fund a significant in-

crease in the maximum Pell Grant, $3,700 or 54 percent increase over the current $2,400.

Access for economically disadvantaged students begins with the student's application for financial aid. Currently, we use two formulas to determine individual eligibility for Federal aid. We now propose one application form containing one set of family information, and one formula that will produce one measure of the family's expected contribution. These would be significant steps toward simplification and improving equity.

Another simplification measure is our proposal to require a common form to be used to determine the expected family contribution of a student for all of the Title IV programs.

Our reauthorization proposal uses a single system of need analysis to determine eligibility for Title IV Federal student aid. We have constructed a formula that builds on the Congressional Methodology by adding in elements from the Pell Grant formula.

A significant difference between the two current formulas is the Congressional Methodology inclusion of the minimum expected contribution of up to $1,200 from each student. This minimum expectation reflects the belief that the student bears primary responsibility for financing his or her postsecondary education. Yet we know that disadvantaged students often help support their families and have the least resources to contribute to postsecondary costs.

Consequently, there should be an exception to the minimum contribution requirements for students in these circumstances. Our proposal would accomplish this in two ways. First, the minimum contribution would be waived for students with family incomes of $12,000 or less, and be phased in progressively as income increases, and also according to the year in school.

Second, our formula intends that a family in which the parents depend on the student's income would have its basic needs considered first. That is, if the parents' income is insufficient to meet basic living expenses, the student income would first be used to help the family before being assessed for postsecondary education expenses.

Families must provide for their basic living expenses as their first priority, and a portion of income is now exempted from the calculation. The exemption used in the current Pell Grant formula was developed by the Social Security Administration. By current Census Bureau standards, this amount is now sub-poverty income level.

We propose to use Bureau of Labor Statistics budget data currently utilized in the Congressional Methodology as the measure of income needed to meet basic living expenses. Our proposal would protect this amount of income in the need analysis formula.

Historically, the need analysis formula considered the family's assets, including home equity. Since families with low incomes generally cannot tap home equity, if they have it, we propose to exclude the net value of the principal place of residence from the calculation of net worth for families whose adjusted gross incomes are less than $20,000.

The current statute provides for consideration on the form of the special needs of a number of certain small groups. While providing special assistance to certain groups is generally accepted, the cost

of these special considerations is a needlessly complex form and confuses applicants.

We recommend that the dislocated worker and displaced homemaker provisions be removed from the general formulas. This deletion eliminates 12 data elements and associated instructions from the form. The special needs of these individuals would be accommodated through our proposed secretarial authority to prescribe regulatory modifications, as well as by financial aid administrator discretion in the campus-based and guaranteed student loan programs.

In the early years of the student aid programs we rarely encountered independent students. In recent years, the number of these students has risen considerably, so that almost 60 percent of Pell Grant recipients are now considered to be financially independent.

We propose to modify the definition of independent student in order to identify students who are not truly self supporting and to, therefore, assess fairly their true ability to pay. First, we would increase the age in which a student is considered automatically independent to 26.

Furthermore, we would increase the minimum level of income, excluding parental resources in student financial aid required to demonstrate self sufficiency by unmarried undergraduates with no dependents of their own, from $4,000 to a level that equals the Bureau of Labor Statistics determined income to meet basic living expenses. I think it's about $5,500.

Moreover, all graduate students, as well as any student who is married, would be independent. Finally, we would maintain current law which declares independent veterans, orphans, wards of the court, and students with dependents of their own.

Current law requires the Department to contract with at least five outside agencies and organizations for the collection of the aid application information. We would eliminate this requirement for contracting with outside agencies, and provide the Secretary with the flexibility to ensure the determination of expected family contribution is done efficiently.

I will be happy to discuss our proposals in more detail or to answer questions at the appropriate time. Thank you.

[The prepared statement of Hon. Michael Farrell follows:]

ADMINISTRATION PROPOSALS FOR REAUTHORIZING THE NEED ANALYSIS FORMULAS FOR THE FEDERAL STUDENT FINANCIAL ASSISTANCE PROGRAMS

Testimony By

Michael J. Farrell
Acting Assistant Secretary
for Postsecondary Education

before the

House Subcommittee on Postsecondary Education

Wednesday, July 31, 1991

Mr. Chairman and Members of the Committee:

I am pleased to appear before this Committee today to present the Department's recommendations for modifying the need analysis formulas that determine individual eligibility for financial assistance under the Title IV student aid programs. The financial assistance programs have become an indispensable part of the college experience. According to the 1987 National Postsecondary Student Aid Study, 46 percent of all undergraduates receive aid, most of which is Federal. Moreover, for the academic year just completed, over seven million college, university and occupational and vocational students -- more than one-half of the total postsecondary enrollment in 1990-91 -- applied for Federal student aid.

We see why, then, for students as well as for many school officials, financial aid, and thus need analysis, embodies the Federal presence in postsecondary education. If they perceive this system as lacking in equity, their view of the Federal government may reflect that perception. The results of need analysis must be equitable and be an objective measurement of the resources needed by a student to complete his or her studies. Our proposal includes measures to simplify the aid application process, ensure the equitable treatment of all students, reduce waste, and eliminate opportunities for fraud and abuse. Together with our Pell award rules, which are designed to direct grant funds to those least able to pay and most likely to benefit, our need analysis proposals would enable us to fund a significant increase in the maximum Pell Grant ($3,700, or 54 percent over the current $2,400). At the higher Pell Grant and Guaranteed Student Loan award levels, average aid and aid available increases for all income categories.

Access to postsecondary education for our Nation's economically disadvantaged begins with the student's application

for financial aid. If the application process is too difficult, the student does not apply, and the goal of equal access cannot be fully realized.

Currently, we use two formulas to determine individual eligibility for Federal aid. That's one formula too many. The use of two systems creates needless work for aid administrators, adds unnecessary and confusing complexity, and results in horizontal inequity -- two families with the same need under one system could have different levels of need under another system. We propose one application form containing one set of family information and one formula that will produce one measure of the family's expected contribution. These would be major steps toward simplification and improving equity.

Another important simplification measure is our proposal to require a common form to be used to determine the expected family contribution of a student for all the Title IV programs. No student or parent could be charged a fee for processing this form. However, processors could still charge a fee for processing additional items required for institutional or State purposes.

Our Higher Education Act reauthorization proposal uses a single system of need analysis to determine eligibility for Title IV Federal student aid. We have constructed a formula that builds on the Congressional Methodology (CM) formula by adding in the best elements from the Pell Grant formula. Let me mention a few of these.

A significant difference between the two current formulas is CM's inclusion of a minimum expected contribution of up to $1,200 from each student. This minimum expectation reflects the long-held belief, with which we agree, that the student bears primary responsibility for financing his or her postsecondary education.

since he or she is the direct beneficiary of the postsecondary education. Yet we know that disadvantaged students often help support their families, and have the least resources to contribute to postsecondary costs. Consequently, there should be an exception to the minimum contribution requirement for students in these circumstances. Our proposal would accomplish this in two ways. First, the minimum contribution would be waived for students with family incomes of $12,000 or less and be phased in as income increases and according to year in school. Second, our formula would ensure that a family in which the parents depend on the student's income would have its basic needs considered first. That is, if the parents' income is insufficient to meet basic living expenses, the student's income would first be used to help the family before being assessed for postsecondary education expenses.

Families must provide for their basic living expenses as their first priority, and a portion of income is now exempted from the calculation of the family contribution for that purpose. The exemption used in the current Pell Grant formula was developed by the Social Security Administration. By current Census Bureau standards, this amount is a sub-poverty income level. We propose to use Bureau of Labor Statistics (BLS) budget data currently utilized in the CM as the measure of income needed to meet basic living expenses. Our proposal would protect this amount of income in the need analysis formula.

Historically, the need analysis formulas considered the family's assets, including home equity, in determining the family's financial strength and the student's need for assistance. Including assets, both liquid and non-liquid, in the need analysis provides an additional measure of financial strength and an additional measure of equity. Since families with low incomes generally cannot tap their home equity, we propose to exclude the net value of the principal place of

residence from the calculation of net worth for "cash-poor" families whose adjusted gross incomes are less than $20,000.

We also propose to simplify the form students use to apply for Federal financial assistance. The current statute provides for consideration on the form of the special needs of a number of certain small groups. Additional instructions and questions are then needed on the form to address the financial circumstances of these groups, complicating the form for all applicants. While providing special assistance to certain groups is generally accepted, the cost of these special considerations is a needlessly complex form and confused applicants.

We recommend that the dislocated worker and displaced homemaker provisions be removed from the general eligibility formulas. This deletion eliminates twelve data elements and associated instructions from the form. The special needs of these individuals would be accommodated through our proposed Secretarial authority to prescribe regulatory modifications to the determination of a student's expected family contribution under special circumstances for the Title IV programs as well as by financial aid administrator discretion in the campus-based and GSL programs.

We propose to eliminate the student financial aid administrator's discretionary authority to adjust a student's expected family contribution and cost of attendance for Pell Grants. Such discretion has the potential to be extraordinarily and unpredictably expensive, making it exceedingly difficult to forecast funding requirements. In addition, such blanket discretion can be inequitable because two similar students applying for Federal assistance will not necessarily be judged by the same criteria. However, the Secretarial authority for modifying the need analysis that we are requesting would address the needs of students with special circumstances. The

Secretarial authority would be more uniformly applied, remove the incentive for institutional abuse, and be more predictable than the discretion found in current law. Yet it would provide ample flexibility to accommodate the special needs of students.

In the early years of the student aid programs, we rarely encountered "independent" students. In recent years, the number of these students has risen considerably, so that almost 60 percent of Pell Grant recipients are now considered to be financially independent of their parents. This increase is a direct result of liberalizations in the definition of independent student and to an increase in the older student population.

We propose to modify the definition of independent student in order to identify students who are not truly self-supporting and to assess fairly their true ability to pay. First, we would increase the age at which a student is considered automatically independent to 26 years of age. Furthermore, we would increase the minimum level of income (excluding parental resources and student financial aid) required to demonstrate self-sufficiency by unmarried undergraduates with no dependents of their own from $4,000 to a level that equals the BLS-determined income needed to meet basic living expenses. This amount would be updated annually to reflect changes in the cost of living as measured by the Consumer Price Index.

Moreover, all graduate students as well as any student who is married would be independent. Finally, we would maintain current law which declares independent veterans, orphans, wards of the court, and students with dependents of their own.

Current law requires the Department to contract with at least five outside agencies and organizations for the collection of the aid application information. As a result, a variety of application forms (all of which contain the "core" elements for

determining the expected family contribution for Title IV purposes) are used and forwarded to the central processor, which calculates the student's expected family contribution. We would eliminate this requirement for contracting with outside agencies, and provide the Secretary with the flexibility to ensure that the determination of expected family contributions is done as efficiently as possible.

We believe our proposals, if enacted, would greatly simplify the present system, increase equity, and enhance the efficiency of the overall system.

I would be glad to discuss our proposals in more detail or to answer any of your questions.

Chairman FORD. Mr. Andrews?

Mr. ANDREWS. Thank you, Mr. Chairman.

Very briefly, I want to take a moment before our next witness, Ms. Tajel Shah, testifies to say how proud I am that she is here today. If I'm not mistaken, she is a resident of Cherry Hill, New Jersey, which is not in my district, but it is close to my heart, having represented that community in county government before I came here.

Obviously, this is going to be an outstanding panel since we have such an outstanding witness here. We're very glad to see you. I know your family is here as well.

Welcome.

Ms. SHAH. Thank you. I would like to thank the Chairman and members of the subcommittee for this opportunity to testify, and I'd like to thank all the Congress members that held field hearings with students, as well, to listen to their voices and concerns, since we are the consumers of this wonderful thing called Federal financial aid.

My name is Tajel Shah, as Representative Andrews has stated, and I'm a senior at Rutgers University, and vice president of the United States Student Association.

USSA's recommendations for the need analysis are predicated on three basic goals: one, increasing potential college students' early awareness and knowledge of the availability for financial aid for postsecondary educational opportunities; second, simplifying the process by which students apply for, maintain their eligibility for, and receive Federal financial aid; lastly, allocating adequate amounts of aid that will ensure the access of all students to postsecondary education of their choice and decrease the dependency of needy students on loans to finance their higher education.

I will highlight a few of our proposals on need analysis. As we've testified before, the complex and confusing nature of the application delivery process is a barrier to higher education. Basically, there are different forms for different things, and then there are different forms for the same things, and then there are a lot of the same forms for similar things, and other ones for different things.

You can see this lengthy and confusing process means low-income students, and first-generation college students, are completely and systematically barred from higher education. High school counselors, who are notably their sole source of information, who are constantly dealing with personal problems and day-to-day problems, are overwhelmed by this process as well.

Changes in the need analysis must be made, including enhancing the use of simple needs tests and free Federal processing would make the financial aid application process much more user friendly. I mean, it's unfortunate that less than 17.5 percent of the eligible students actually file for the simple needs test. Still, many of them have to pay an application fee so that they can get State aid or scholarship forms.

To simplify this process, the two need analysis forms, the Pell Grant formula and the Congressional Methodology, should be integrated into one model. Second, the process should be developed whereby very low income families have the eligibility for the maxi-

mum financial aid automatically determined. A very simple and easy formula for early intervention.

Third, families with incomes above $15,000 should be eligible for the simple needs test. Fourth, it's quite ridiculous that award year, after award year, after award year, we have to apply—fill out the same forms over, and over, and over again, regardless of the fact that our financial circumstances rarely change. A process must be made that would make updating much simpler and easier, and only necessary if there was a slight change.

Fifth, to enhance high school students' and parents' awareness of available financial aid and how to apply for it, training on the financial aid system should be made available to high school counselors. The Department of Education must be mandated to make a comprehensive publicity effort.

As you know, the middle income is getting squeezed out of higher education as well. My personal experience is an example of that. I am the youngest of three children. When my sisters went to college the only form of financial aid we received were loans. When I was in high school, however, my father lost his job due to reorganization of the company.

No company was willing to hire a person in their late 50's and early 60's at that time. I finished high school, applied for financial aid—my father still didn't have a job, but I had to make the decision of going to a private college, which was my first choice, which would have accumulated over $25,000 in loans, or a State institution.

I decided to go to a State institution because of the precarious position my family was in, and I ended up getting absolutely no Federal financial aid, not even student loans, and was told I shouldn't really bother applying for student loans because I wouldn't get them.

My first 2 years in school I was able to afford school through my mother's full-time job as a cashier, my part-time job, and the rental income we got from one of the spaces that we rented out. USSA believes that the value of a family's home or farm should not be considered an asset of a moderate income family.

In our case, we were still paying off the mortgages. We later moved to South Jersey, sold our home, and then got a second mortgage on our new home so that my father could reestablish himself in an independent business selling medical supplies to Medicaid people in Camden.

The fact is, they have had to pay for my college education out of their pocket while still trying to reestablish themselves. I am one of the countless students whose college choices were dictated by economics and not by the quality of education.

It is equally important, though, that financially independent students receive adequate amounts of aid. The current definition excludes many generally self-supporting students. If you are truly self-sufficient, students must fall into two categories. One, your parents cannot claim you as a dependent student for income taxes prior to the award year, and, two, you must have total resources of at least $4,000, not including your parents' support, during those 2 years.

However, your chances of being declared as an independent student are completely sabotaged if your parents need to claim you as a dependent, your parents refuse to give you the tax forms, you survive on less than $4,000, which is very feasible in many areas, or you received aid as a dependent student once.

The real catch here is that the independent student definition is this: The way the regulations are written, you must not be claimed by your parents and have resources in excess of $4,000 the 2 years prior to the first year you received any aid, not the 2 years prior to the award year you are applying for as an independent student.

This unfairness was clearly illustrated by a Maryland student who received Federal aid as a dependent student when she was 18 and 19. However, those years she worked full time, 40 hours a week, earned more than $4,000, did not have her parents claim her on their taxes, did not get any family contribution, and accumulated over $8,000 in debt.

When she applied as an independent student, her financial aid administrators told her that she could not get independent student status, because she was supposed to be financially independent when she was 16 and 17 because she received aid when she was 18 as a dependent student.

Clearly, when applying for an independent student status, the 2 years that should be considered are the ones that are prior to the award year that you applying for. This is what the Higher Education Act intended.

In addition, student financial aid administrators must be more willing to use their statutory discretion to declare a student independent if he or she does not meet the regular criteria. Unfortunately, because of lack of training or lack of willingness, too many financial aid administrators are not giving the students a break.

They must be encouraged to use their professional discretion and their professional judgment. Why should it be so hard for generally independent students to establish independent student status and receive a level of aid they need to access higher education?

In conclusion, we suggest many other changes that just go on to enhance the process that we already have, such as student contribution in award year income and that there be increased coordination with other benefits.

USSA would like to continue to work on the Higher Education Act, and we thank you for all the times that we have been in front of you to explain our proposals. We hope to answer any more questions. Thank you.

[The prepared statement of Tajel Shah follows:]

"Organizing and Advocating for Students Across the Country"

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Fax # (202) 347-7273

July 31, 1991

Statement of the

United States Student Association

on

Reauthorization of the Higher Education Act:

Title IV, Part F - Need Analysis

Before the Subcommittee on Postsecondary Education

Presented by

Tajel Shah
Vice President, USSA
Student, Rutgers University (New Jersey)

I would like to thank the Chairman and the Members of the Subcommittee for this opportunity to testify on the Higher Education Act and student financial assistance need analysis. My name is Tajel Shah, and I taking a leave of absence from Rutgers University, where I am a senior, to serve as Vice President of the United States Student Association (USSA). USSA is the country's oldest and largest national student organization, representing more than 3.5 million students.

USSA believes that this Reauthorization provides us with the opportunity to facilitate the access of low- and middle-income students to the financial aid that can make postsecondary educational opportunities a reality. As we and others have testified, the complex and confusing application and delivery process for financial aid actually acts as a barrier to access to higher education for many potential postsecondary students. Where does this complexity come from? It is a direct result of the complex and extensive nature of the need analysis system. Hence, USSA's recommendations for need analysis are predicated on three goals:

* **Increasing potential college students' early awareness and knowledge of the availability of financial aid** for postsecondary educational opportunities.

* **Simplifying the process** by which students apply for, maintain their eligibility for, and receive federal financial aid;

* **Allocating adequate amounts of aid** that will ensure the access of all students to a postsecondary education of their choice, and decrease the dependence of needy students on loans to finance their higher educations.

We urge this Committee to make changes to the need analysis system in such a way that better information dissemination, simplification and enhanced access are achieved for students. My testimony will focus on the application and delivery process, the needs of low- and middle-income students and their families, and the definition of an independent student.

Simplification of the Application and Delivery Process

As USSA explained before this Subcommittee on May 14th, 1991, we believe that federal financial aid has been crucial to the postsecondary opportunities of millions of students, but that the complex and confusing nature of the application and delivery process acts as a barrier to these opportunities for others. There are six application forms

for federal financial aid - some of which involve application fees while others do not - and you end up answering anywhere between 32 and 118 questions. The forms try to be all things to all people, and entire sections exist that affect only a limited amount of applicants. The use of two different need analysis models - the Pell Grant formula and the Congressional Methodology (CM) - means that students who make it through the application forms end up with two different family contribution figures (the Pell Grant Index and the CM's Family Contribution). Moreover, you must meet a number of eligibility requirements - some of which are totally extraneous to student aid - and undertake additional procedures to apply for programs such as the student loan ones.

Given the lengthy and confusing nature of this application process, it perhaps should not be surprising that students, especially those from low-income backgrounds and those who would be the first in their family to go to college, are discouraged by the process. We know of many people who encountered these application forms and gave up on even trying to fill them out. Nor should it be surprising that high school counselors - often the sole sources of information about college for youth - are equally overwhelmed by the process. One Native American student was told by his high school guidance counselor to fill out the wrong application forms. Nor should the results of the 1990 General Accounting Office study be surprising: it concluded that students and parents knew surprisingly little about financial aid for higher education or the costs of postsecondary schools.

A number of changes to the need analysis system would go a long way to making the financial aid application process simpler and more user friendly. First, **the two need analysis models - the Pell Grant formula and the Congressional Methodology - should be integrated** into one model. As the Advisory Committee on Student Financial Assistance concluded, "[I]ntegration is clearly feasible...These data suggest that a hybrid model with a simple version for low-income students can be identified and implemented with minimal budgetary and redistributive impact."

Second, **steps must be taken to expand the use of the Simple Needs Test (SNT) and free federal processing.** The SNT is suppose to ensure that very low-income students need only answer a small number of questions on the application forms. The complexity of the application forms is one major reason why less than 17.5% of the 2.3 million students currently eligible for the Simple Needs Test realize that they are eligible and actually file the simple form. Moreover, applicants who answer only the 32 federal core questions on any of the six application forms are not supposed to have to pay an application fee. However,

filling out the federal core questions does NOT make you eligible for all federal, state, and institutional types of aid. So low-income students usually end up filling out all the questions or using the longer forms that will make them eligible for all types of aid. Poor students should not have to choose between filling out a free form or paying an application fee on the forms that will allow them to be considered for all the types of aid.

Families with proven need - as evidenced by their eligibility for public assistance, such as AFDC - should not have to apply for a foregone conclusion. **A process should be developed whereby very low-income families have their eligibility for the maximum financial aid automatically determined.** This would facilitate our early intervention efforts on behalf of at-risk, disadvantaged youth by providing some assurance of financial assistance for college; this early certainty has been crucial to the success of early intervention programs such as Eugene Lang's I Have A Dream.

In addition, families with incomes above $15,000 are NOT eligible for the Simple Needs Test even though their assets are usually minimal and the additional questions irrelevant. **The income cap for eligibility for the Simple Needs Test should be expanded.** This would make the system more user friendly for additional numbers of hard-pressed families.

Moreover, **steps must be taken to increase the use of free federal processing among high school counselors, financial aid administrators, states and institutions.** Application fees for financial aid are clearly unfair and act as a barrier for needy students. Students apply for aid because they have no money, yet the process results in them being asked to pay money to apply for money for college. This makes no sense.

Third, it is quite ridiculous that award year after award year students must fill out the same forms over and over again. Most low-income students will experience little change in their financial condition from year to year. **A process should be developed by which students whose financial circumstances change minimally need only update necessary data.**

Fourth, even with these changes, the federal financial aid system will continue to be at least somewhat complex and a mystery to many youth and adults. **To enhance high school students and parents' awareness of available financial aid and how to apply for it, training on the financial aid system should be made available to high school counselors.** In the 1970's, high school counselors along with financial aid administrators were eligible for this kind of training. Today they are not.. and the system has gotten even more

complicated. These counselors are a crucial part of increasing students' use of the Simple Needs Test and free federal processing.

The Department of Education should also be mandated to carry out a comprehensive publicity effort to make the public - including potential adult college students - aware of available financial aid, the application process and the resources that can facilitate their college access, including the Department's toll-free information number on student aid. Such an effort is not only crucial to our early intervention efforts but also to our workforce needs that demand that we facilitate the higher education access of adult learners.

Home and Farm Equity

My family's experience with federal financial aid illustrates the enormous impact of the need analysis system, particularly the inclusion of home and farm equity, on the access of middle-income families to aid. I am the youngest of three children. When my sisters went to college, the only federal financial aid they were eligible for were loans. When I was in high school, however, my father lost his job as a result of his company's reorganization. Because no company wanted to hire someone in his 60's, my father found it difficult to find work in the engineering field. I graduated from high school, applied for financial aid, and had to choose between going to my first choice school - a private college where I would have had to take out thousands of dollars of loans - and the state school. To avoid taking out loans since we were in such a financially precarious position, I chose to go to Rutgers but was told that we were not eligible for any kind of aid, not even student loans. Thus, for my first two years of college, we relied on my mother's modest salary as a cashier in a pharmacy, my part-time job, and income from rental space.

The inclusion of home equity - in our case, we were still paying off the mortgages of our family home as well as the rental unit - was most likely the reason that I have never received a Pell Grant or a Stafford Loan. My junior year in college, my parents sold our home and moved from central to south New Jersey so my father could go into an independent business selling medical supplies to Medicaid recipients in Camden. The fact that they have had to pay for my college education out of pocket has made it very difficult for my family to reestablish itself financially. And I am one of countless students whose college choices were dictated by economics.

USSA believes that the net value of family's home or family farm should not be considered as an asset for

moderate-income families. While these families have equity available to borrow against, not all of them can afford home equity loan payments. This is one of the biggest barriers standing between middle-income students and the postsecondary education of their choice. With a 1990 study finding that less middle-income students are enrolling in colleges and universities, particularly at selective institutions, we must make changes in the need analysis system that ensure that moderate-income students have the level of aid they truly require.

Student Contribution

The Congressional Methodology determines a student's contribution as being the higher of three calculations, including 70% of the student's total income. This is an excessive expectation and acts as an disincentive to work. USSA proposes that this figure be modified to 50%.

Base-Year vs. Award Year Incomes

The Congressional Methodology estimates the students' expected contribution during the "award year" (the year the student aid would be received) by using the student's "base year" (previous year) income. The reason for using the "base year" income is that this amount can be verified by consulting the student's tax forms and thus is seen as being more reliable than "estimated income." Unfortunately, for most students, previous or "base year" incomes are not accurate predictors of their "award year" incomes; so they are often expected to contribute more to their education that they can actually earn - this represents a real hardship for students. This is especially true for nontraditional students who leave their full-time jobs to enroll in college, and first-year students who do not keep their part-time jobs they held in high school. One 1989 study found that the average "base year" and "estimated year" income for students differs anywhere from 25% to 45% depending on class rank and dependency status.

Student aid administrators currently deal with this problem by exercising their professional judgment in calculating student eligibility for campus-based programs and Stafford Loans. Unfortunately, they are prohibited by federal law from making such adjustments to the Pell Grant Index, and for entire groups of students (such as first-year graduate students). They must also justify such adjustments on a case-by-base basis. And "estimated income" can only be used if the Department of Education approves of a student's "special conditions" application. However, there are too many gaps in students' knowledge; they do NOT know that they can appeal an aid administrator's decision to use "base year" income to determine their expected contribution. We

join the National Education Association in proposing - along with better information dissemination - that financial aid administrators be given the discretion to adjust Expected Family Contribution if award year income is ten percent or more below "base year" income.

Coordination with Other Benefits

Under current law, a portion of student aid is still counted as income for determination of federal welfare benefits. In addition to financial aid used for tuition, fees, books, supplies and miscellaneous expenses, any aid used for room and board, AND other allowed costs of attendance should not be considered income when determining other federal benefits.

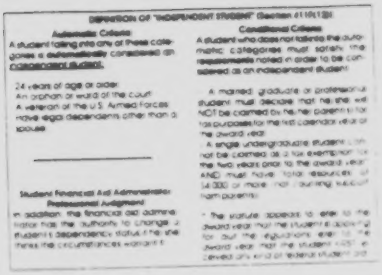
Likewise, AFDC benefits should not be included as part of a family's income when determining expected family contribution. This is unfair to hard-pressed families.

Double Counting

USSA urges you to ensure that students who work and save money are not penalized when determining Pell Grant awards. Under current law, if a student works and saves a portion of these earnings, the earnings are assessed once in the "base-year" income calculation and again as part of the asset calculation. This double counting discourages students from saving, and should be eliminated.

Independent Students

Lastly, USSA strongly urges this Committee to reexamine the definition of an independent student. The current definition (see box) excludes many genuinely self-supporting students. If you are a truly self-sufficient student who does not fall into any of the automatic categories, you must fulfill two conditional criteria if you are an undergraduate student: (1) your parents could not claim you as a dependent on their income taxes for two years prior to the award year; AND (2) you must have total resources of at least $4,000 (not counting parental support) during those two years. However, your chances of being declared an independent student are sabotaged if:



DEFINITION OF "INDEPENDENT STUDENT" (Section 411R(3))

Automatic Criteria

A student falling into any of these categories is automatically considered an independent student:

24 years of age or older
An orphan or ward of the court
A veteran of the U.S. Armed Forces
Have legal dependents other than a spouse

Student Financial Aid Administrator Professional Judgment

In addition, the financial aid administrator has the authority to change a student's dependency status if he/she thinks the circumstances warrant it.

Conditional Criteria

A student who does not fall into the automatic categories must satisfy the requirements listed in order to be considered as an independent student:

A married graduate or professional student must declare (not he/she will NOT be claimed by his/her parents) for tax purposes for the first calendar year of the award year.

A single undergraduate student (s/he not be claimed as a tax exemption for the two years prior to the award year AND must have total resources of $4,000 or more (not during support from parents).

The statute specifies in order to the award year (not the student's academic for out the regulations refer to the award year (not the student's last received any kind of federal student aid

(1) your parent(s) have claimed you as a dependent on their tax returns;
(2) your parent(s) refuse to make the tax forms available to you;
(3) in certain areas, you can and are surviving on less than $4,000 a year; or
(4) you once received aid as a dependent.

The real catch with the independent student definition is this: the way the regulations are written, you must not be claimed by your parents and have resources in excess of $4,000 the two year prior to the first year you received aid, NOT the two years prior to the award year you are applying for. The unfairness of this was illustrated by one Maryland student who is 21 years old, and was financially independent when she was ages 18 and 19. However, she was told by the financial aid office that she could not receive independent student status unless she had not been claimed on her parents' taxes and had been financially self-sufficient when she was in high school and ages 16 and 17, because she had first received financial aid when she was an 18 year old college freshman. This is ridiculous considering she worked 40 hours a week, went to school full-time, and incurred over $8,000 worth of debt her first two years of college...and did not receive a dime from her parents for college.

Clearly, the definition of an independent student must be made more flexible OR student financial aid administrators must be more willing to use their statutory discretion to declare a student independent even if he/she does not meet the regular criteria. Unfortunately, because of a lack of training or lack of willingness, too many financial aid administrators are NOT giving these students a break. It is ironic that it is so much easier to receive independent status if you are a graduate student even if you are under age 24. There is no magic transition in turning age 24 or becoming a graduate student; why should it be so hard for genuinely independent undergraduate students to establish independent student status, and receive the level of aid they need to access higher education? Concerns about fraud should not lead this Committee to tighten up the definition of an independent student, and leave hard-pressed self-sufficient students out in the cold and ineligible for the aid they truly require and deserve.

In conclusion, USSA thanks the Committee for the opportunities we have had to testify on the Higher Education Act during this Reauthorization process. We look forward to

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helping you in your efforts to develop a bill that will ensure that students have the information necessary to pursue a postsecondary education, that the process is simple and accessible, and that higher education becomes a right for all and not just a privilege for a few. These recommendations for the need analysis system will help us reach these goals. Thank you once again for this opportunity to testify, and I am happy to answer any questions you might have.

Chairman FORD. Thank you.

Mr. Koplik?

Mr. KOPLIK. Good morning, Mr. Chairman, and members of the subcommittee.

My name is Stanley Koplik, and I am Chairman of the Advisory Committee on Student Financial Assistance, and Executive Director of the Kansas Board of Regents. On behalf of the Advisory Committee members, I thank you very much for the opportunity to provide our views on need analysis issues that require attention during this reauthorization.

All of us on the Advisory Committee feel that this opportunity presents itself to us at the right time so that we can begin to deliver a better Federal delivery system for the balance of the 1990's.

Let me begin by suggesting that all of us, whether we represent Congress, States, institutions, students or the families, remind ourselves that we have yet to make good on our promise of equal access to postsecondary education for all our citizens.

Our committee, that is the Advisory Committee, believes that under participation by low-income, disadvantaged, and minority youth, is the overriding education issue of this decade. While certainly not the major barrier to access, unduly complex and costly need analysis models, forms, and processes, are surely a factor; one, fortunately, we can do something about.

I would like further to suggest to the subcommittee that there are three interrelated sets of need analysis objectives for this reauthorization, at least as we see it.

First, integrating the two need analysis models now in law, the Pell and Congressional Methodology models into a single model. It really doesn't matter to the Advisory Committee which item is selected, as long as budget and redistributive effects are minimized.

Second, fine-tuning whatever model emerges. Fine-tuning includes such adjustments as addressing the question of independent student status. Third, and most important, reducing the overall complexity, frequency, and by frequency we are talking about how many times a student, that is the same student, is confronted with a full-scale, complex set of need analysis questions, and of course, the cost of need analysis as it impacts low income, disadvantaged students.

Reauthorization must deal with all three objectives. The Advisory Committee believes that the first two objectives—integration and fine tuning—are clearly feasible and desirable. However, neither are as important as the third objective, reducing the complexity, frequency, and cost of need analysis. Nor do they hold nearly as much promise for helping the Title IV programs meet their equal access goals.

I have heard some suggest that balancing simplicity and equity is the major challenge during this reauthorization. From the viewpoint of low income families, nothing could be further from the truth. For them, balancing, simplicity, and equity is an empty slogan that has kept need analysis models, forms, and processes complex and costly.

For these families there is no tradeoff. We are already collecting too much data, subjecting them to too many routines, producing too many results, and charging too much for it. These millions of

families in question are zero contribution, full-need cases, regardless of the model we use.

The real need analysis issue for at-risk families isn't our treatment of income. They have so little it really doesn't matter. Nor are they affected much by our treatment of assets; most don't have any.

The real issue for them boils down to three simple questions. One, how complex and intimidating will it be for me to prove that I am poor? Two, how many times are you going to make me prove it? Three, how much are you going to charge me each time?

The Advisory Committee would like this subcommittee to understand that it is possible to meet the first two objectives, integration and fine-tuning of need analysis, while ignoring the third objective, and making its complexity, frequency, and cost greater for at-risk students.

Indeed, this is precisely what occurs under some other approaches to need analysis, some of which you will likely hear about today. Anything that is billed as a need analysis simplification proposal that integrates and fine tunes, cannot ignore the third objective entirely.

If it does, we can expect undesirable effects on low-income families. Such proposals would eliminate free Federal need analysis for almost three million primarily low-income, disadvantaged students. Accordingly, they would transfer over $30 million each year from these families to some other fee-charging need analysis processors.

Further, they would reduce by over two million the number of students qualified for simple need analysis. They would do away with simplified need analysis for all nontraditional and independent students regardless of how poor they are. They would also drastically lower both eligibility and awards for most nontraditional and independent students.

Finally, they would significantly redistribute funds from 2 and 4 year public institutions to private institutions. Redistribution that has never, at least for me, been estimated or justified.

All in all these are need analysis changes that threaten to decrease access, the exact opposite of what we are trying to achieve.

In closing, members of the subcommittee, I would like to remind this subcommittee and others, that the Congress in 1986, thought it had the answer to the perverse effects of the complexity and cost of need analysis on access. All of the elements were thought to be in place; a free common form delivering simplified need analysis to at-risk students.

The testimony of 1986 would reveal this. While not perfect nor fully implemented, we should remind ourselves, that in part, in substantial part, it is working. In fact, almost 50 percent of Pell recipients, the neediest students nationwide, use the free Federal need analysis.

Congress's system of need analysis, created in 1986, should not be dismantled. It should be improved and implemented with renewed gusto. We at the Advisory Committee suggest that all need analysis proposals be analyzed, not only in terms of integration and fine-tuning, words you will hear, but also in terms of their effect on the complexity and cost of need analysis.

We further recommend that the following questions be asked of every proposal. One, will free and simple Federal need analysis still exist under the proposal? Two, will as many students as presently participating continue to avail themselves of free Federal need analysis? Three, will as many students as presently participating continue to be eligible for and use simplified need analysis?

In our judgment, if the answer to even one of these questions is no, we recommend that you reject the proposal in favor of any other proposal that improves the system created in 1986 to protect low-income students and families.

Thank you.

[The prepared statement of Stanley Koplik follows:]

ADVISORY COMMITTEE ON STUDENT FINANCIAL ASSISTANCE

WRITTEN TESTIMONY BY

STANLEY Z. KOPLIK, CHAIRMAN
ADVISORY COMMITTEE ON STUDENT FINANCIAL ASSISTANCE

BEFORE THE
HOUSE SUBCOMMITTEE ON POSTSECONDARY EDUCATION

JULY 31, 1991

2175 RAYBURN HOUSE OFFICE BUILDING
WASHINGTON, D.C.

47-525 0 - 92 - 2

Good morning, Mr. Chairman and members of the Subcommittee, my name is Stanley Koplik and I am Chairman of the Advisory Committee on Student Financial Assistance and Executive Director of the Kansas Board of Regents. On behalf of the Advisory Committee members, I would like to thank you for the opportunity to provide our views on need analysis issues that require attention during this reauthorization. All of us on the Advisory Committee feel that this reauthorization presents a great opportunity for Congress to complete the work it began in 1986 and to build a better federal delivery system for the rest of the 1990s.

I would like to begin by suggesting that all of us--whether we represent Congress, states, institutions, or students and their families--remind ourselves that we have yet to make good on our promise of equal access to postsecondary education for all Americans. Our Committee believes that underparticipation by low-income, disadvantaged, and minority youth is the overriding education issue of this decade. And while certainly not the major barrier to access, unduly complex and costly need analysis models, forms, and processes are surely a factor--one fortunately that we can do something about!

I would like further to suggest to the Subcommittee that there are three interrelated sets of need analysis objectives for this reauthorization:

- o first, integrating the two need analysis models now in law--the Pell and Congressional Methodology models--into a single model;
- o second, fine-tuning whatever model emerges; and
- o third, and most important, reducing the overall complexity, frequency, and cost of need analysis--especially for low-income, disadvantaged students.

Reauthorization must deal with all three objectives.

We at the Advisory Committee believe that the first two objectives--integration and fine-tuning--are clearly feasible and desirable. However, neither are as important as the third objective--reducing the complexity, frequency, and cost of need analysis--nor do they hold nearly as much promise for helping the Title IV Programs meet their equal access goals.

Mr. Chairman, some have suggested that balancing simplicity and equity is the major challenge during this reauthorization. From the viewpoint of low-income families nothing could be further from the truth. For them, "balancing simplicity and equity" is merely a time-worn slogan that has kept need analysis models, forms and processes complex and costly. For these families, there is no trade-off. We are already collecting

too much data, subjecting them to too many routines, producing too many results, and charging too much for it. These millions of families are zero contribution, full need cases regardless of the model we use.

The real need analysis issue for at-risk families isn't our treatment of income--they have so little it really doesn't matter! Nor are they affected much by our treatment of assets--most don't have any!

The real issue for them boils down to three simple questions:

- How complex and intimidating will it be for me to prove that I am poor?
- How many times are you going to make me prove it?
- And how much are you going to charge me each time?

Mr. Chairman, the Advisory Committee wants the Subcommittee to understand that it is possible to meet the first two objectives--integration and fine-tuning of need analysis--while ignoring the third objective and making its complexity, frequency, and cost greater for at-risk students. Indeed, this is precisely what occurs under the other approaches to need analysis that you will hear about today.

While billed as need analysis simplification proposals that both integrate and fine-tune, they ignore the third objective entirely. Consequently, their proposals taken together have very undesirable effects on low-income families:

- They would eliminate free federal need analysis for almost three million primarily low-income, disadvantaged students.
- Accordingly, they would transfer over $30,000,000 each year from these families to two fee-charging need analysis processors.
- Further, they would reduce by over two million the number of students qualified for simplified need analysis.
- They would do away with simplified need analysis for <u>all</u> nontraditional and independent students--regardless of how poor they are!
- They would also drastically lower both eligibility and awards for most nontraditional and independent students.

- Finally, they would significantly redistribute funds from two- and four-year public institutions to private institutions--redistribution that has never been estimated or justified.

All in all, these are need analysis changes that threaten to decrease access--the exact opposite of what we are trying to achieve.

In closing, I would like to remind the Subcommittee that Congress in 1986 thought it had the answer to the perverse effects of the complexity and cost of need analysis on access. All of the elements were thought to be in place--a free common form delivering simplified need analysis to at-risk families. And while not perfect nor fully implemented, it is working. In fact, almost 50% of Pell recipients nationwide use free federal need analysis. Congress's system of need analysis created in 1986 should not be dismantled, it should be improved and implemented with vigor.

We at the Advisory Committee suggest that all need analysis proposals be analyzed not only in terms of integration and fine-tuning, but also in terms of their effect on the complexity and cost of need analysis. We further recommend that the following questions be asked of every proposal:

- Will free and simple federal need analysis still exist under the proposal?
- Will as many students as now avail themselves of free federal need analysis?
- Will as many students as now be eligible for and use simplified need analysis?

If the answer to even one of these questions is no, we recommend you reject the proposal in favor of a proposal that improves the system created in 1986 to protect low-income students and families.

Thank you.

Mr. SAWYER. [presiding] Thank you very much.

Ms. Thomas-Parrott?

Ms. THOMAS-PARROTT. Mr. Chairman, members of the subcommittee. First I would like to thank Congressman Hayes for his very kind introduction this morning.

I'm Sharon Thomas-Parrott, Vice President of Government Relations for DeVry Incorporated, and a member of the College Scholarship Service Committee on Standards of Ability to Pay. During my 20 years in higher education, I have served as faculty member and administrator. I have been involved professionally with the administration of financial aid programs for 13 years.

This spring I had the privilege of presenting testimony on behalf of my institution, at Congressman Hayes reauthorization forum, and at Senator Paul Simon's Chicago field hearing. Today I am pleased to represent the College Board.

The College Scholarship Service, or CSS, is the financial aid division of the College Board. The CSS Assembly is an association within an association, 1,900 postsecondary institutions, high schools, and agencies within the larger College Board membership that have a special interest in financial aid.

We appreciate this opportunity to talk with you today about an important challenge. How can we best insure equity in the distribution of student aid dollars as we undertake a much needed, and long overdue, simplification of student aid delivery?

At a hearing in May, my colleague, Paul Phillips, Director of Aid at California State University, San Marcos, testified before this subcommittee. He advanced an idea that we have been calling "simple equity." He told you, and I concur, that the members of the College Board and CSS Assembly wholeheartedly support the goal of simplification.

He emphasized, however, that simplification cannot be our only goal, that equity must be its twin. Need analysis is critical to maintaining equity in the system. Formulas and rules can never be as precise or perfect as we might wish. At least, not so long as they must be applied to imprecise data by imperfect people. We can and should achieve fairness in need analysis.

By fairness, I mean that we should strive to produce similar results for people whose circumstances really are similar, and proportional results for people whose situations are much stronger or much weaker.

The many ideas on how need analysis can be improved, which we submitted as legislative proposals to this subcommittee in April, are summarized in an attachment to our written testimony. This morning I want to highlight nine of them.

First, we believe it is time to clear away the unnecessary confusion created by having need analysis results for different Federal programs. We recommend merging the Pell, and Part F, or Congressional Methodologies, into one need analysis system for all Title IV aid, using the current Part F methodology as the conceptual basis. The theory and computation of detail associated with such an integrated methodology are outlined in the College Board proposals to Part F of Title IV.

Second, we strongly urge reform of the independent student definition. The streamlined definition proposed would be more even-

handed and would eliminate nearly a dozen questions on the application form.

Third, we continue to advocate an application by-pass for low-income students, allowing the neediest students to provide basic demographic data and skip the more complicated income and asset questions. We have already formulated an approach for handling such a bypass for dependent students, and are working on the more complex question of how to achieve the goal with self-supporting students.

Fourth, we urge the reliance on professional judgment of aid administrators to treat special circumstances, such as dislocated worker, displaced homemaker, unusual medical and dental expenses, and expenditures for elementary and secondary school tuition. Affording special consideration to some cases does not require cluttering up the methodology and the application forms for all students.

Fifth, we recommend reform of the current provisions for treatment of home equity. We disagree with proposals to eliminate home equity entirely, because that would offer an unfair advantage to home owning families relative to the renters with similar incomes. But we do understand the dramatic increases in home value in some parts of the country have produced unfortunate and unintended effects on some financial aid applicants. Our proposal would cap home value at three times income, thus protecting home owners against housing booms that really don't increase their ability to pay.

Sixth, we recommend the derivation of the standard maintenance allowance be revised, and the allowance itself be renamed. Our proposal would ensure that the methodology reflect actual and changing family spending patterns. It would also reduce, in the minds of many, what the allowance is meant to be and do.

Seventh, we urge the creation of an educational savings protection allowance to emphasize the importance of family savings for college, and to add face validity to a system that is often perceived as creating a disincentive to college savings.

Eighth, we propose to exclude parents from the number-in-college adjustment, but permit unreimbursed direct educational expenses as an allowance against income.

Ninth, and finally, we recommend that all Title IV programs that married independent students without children be treated the same as unmarried independent students without children. The Pell formulas currently do this. This change would resolve the current inequity of treating married independents with no children more generously than single independent students. We continue to support more generous treatment for independent students with children.

Mr. Chairman, in developing these proposals, our CSS committee has worked closely with colleagues in the National Association of Student Financial Aid Administrators, and there is a great deal of common ground in the recommendations submitted to this subcommittee by CSS and NASFAA. You should know that our respective recommendations for revising need analysis under Title IV reflect the experience and best judgment of aid practitioners, as well as leading student aid analysts.

On a personal note, and in keeping with the College Boards Equity 2000 project, reform in need analysis will mean nothing if America's children do not pursue higher education. Young people must be made aware of the opportunity and must be prepared to take advantage of it.

In the words of the chairman of ARCO Oil, "Our elementary schools are filled with elementary students, the fastest growing segment of our population, who have already decided to drop out of high school. Our mission isn't to hold them captive, it's to change their minds."

In closing, I want to thank the members of this subcommittee for their continuing strong advocacy of Federal student aid programs. For more than a quarter century those programs have been not merely a symbol, but the chief instrument of a bipartisan national commitment to equalizing educational opportunities.

The members of CSS stand ready to help you strengthen the programs and make them work better for students during the upcoming reauthorization process. Thank you.

[The prepared statement of Sharon Thomas-Parrott follows:]

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Statement

to the

House Subcommittee on Postsecondary Education

United States House of Representatives

July 31, 1991

by

Sharon Thomas-Parrott

Vice President for Government Relations

DeVry Incorporated

and

Member

College Scholarship Service Council Committee

on Standards of Ability to Pay

On Behalf of

The College Board

A nonprofit educational association serving students, schools, and colleges through programs designed to expand educational opportunity

Mr. Chairman and Members of the Subcommittee:

I am Sharon Thomas-Parrott, Vice President for Government Relations at DeVry Inc., and a member of the College Scholarship Service Committee on Standards of Ability to Pay. During my 20 years in higher education I have served as faculty member and administrator. I've been involved professionally with the administration of financial aid programs for 13 years.

On behalf of the 2,800 institutions, schools, and agencies that comprise the membership of the College Board, I am pleased to have the opportunity to participate in this and other discussions about the reauthorization of the Higher Education Act. The several ideas I will discuss today are included in a package of legislative proposals described in more detail in an attachment to my testimony; proposed legislative language has already been submitted to your subcommittee.

The College Board shares this subcommittee's commitment to strengthening the Federal role in postsecondary education. The federal investment in postsecondary access is a vital element in meeting national goals of equal educational opportunity, social justice, and global economic competitiveness.

Since 1900, the College Board, a nonprofit membership association, has actively promoted broader access to postsecondary education. Through its

various programs, services, forums, and activities, the College Board seeks to facilitate students' transitions from one educational level and/or setting to another.

The College Scholarship Service was founded in 1954 by College Board member colleges that sought agreement on common practices and standards for awarding scholarships and other need-based aid. The goal of CSS is to foster equitable and efficient administration of aid programs, while making the delivery system as rational and manageable as possible for students and their families.

The College Scholarship Service Assembly is an association-within-an-association: 1,900 postsecondary institutions, high schools, and agencies within the larger College Board membership that have a special interest in, and concern about, financial aid.

Since its founding in 1954, the members of the CSS Assembly have sought to achieve equity and sensitivity in need analysis. In fact, the Committee of which I am a member is charged with that task. We appreciate this opportunity, therefore, to talk with you about an important challenge. How can we best *ensure equity* in the distribution of student aid dollars as we undertake a much-needed and long-overdue *simplification* of student aid delivery?

Balancing the twin goals -- simplicity and equity -- is far from easy, especially in light of continuing changes in the student population, family

structure, college costs, and the economy at large. The leadership of the Congress, and an effective working partnership between all the parties involved in student aid delivery, is essential if both goals are to receive their due.

The members of the Committee on Standards of Ability to Pay, and, indeed, the entire CSS Assembly, are eager to help the Congress in legislating needed reforms in the methodology during the upcoming reauthorization.

I should add that our CSS committee has worked closely with colleagues in the National Association of Student Financial Aid Administrators (NASFAA), and there is a great deal of common ground in the respective recommendations submitted to this subcommittee by CSS and NASFAA. Our respective recommendations for revising need analysis under Title IV reflect the experience and best judgment of aid practitioners as well as leading student aid analysts.

The College Board advances the following recommendations for the consideration of this subcommittee:

Recommendation #1: Merge the Pell and Congressional methodologies into one need analysis system for all Title IV programs

We believe it is time to clear away the unnecessary confusion caused by having different need analysis results for different federal programs.

Currently, some students who are ineligible for Pell Grants assume they are also ineligible for other types of aid. Since this is often not the case, moving to a simple need analysis system would eliminate this potential source of misunderstanding. For aid administrators, explaining to families the discrepancy between the Pell Grant Index and the Expected Family Contribution is often difficult and time-consuming. Furthermore, mastering two separate need analysis systems only complicates the orientation and training of neophyte aid administrators.

The theory and computational detail associated with the new, integrated methodology we recommend are outlined in the College Board's proposed revision to Part F of Title IV. We would be glad to work with the subcommittee to simulate the impact of the proposed merger and ensure that it does not produce unintended redistributional effects or other dislocations.

Recommendation #2: Simplify the Definition of Dependency Status

The current definition is not only cumbersome, it is virtually impossible to understand and to administer. In the current Application for Federal Student Aid (AFSA), fully 16 questions -- several of them quite complex -- are required to establish dependency status under the existing definition.

5

The College Board's proposal for simplification is:

- **Preserve the current automatic criteria** -- age 24 or older, veteran status, orphan or ward of the court, or dependents other than a spouse -- but change the date on which age 24 must be established from January 1 to July 1 to correspond with the awarding cycle.

- **Permit graduate and professional students to establish independence automatically** without reference to any other conditional criteria.

- **Eliminate all conditional criteria.**

- **Allow aid administrators to exercise their professional judgment** to classify as independent those students who do not meet any of the automatic criteria but who are genuinely self-supporting.

This proposal would reduce the required questions on the form to only five. And it would do so without introducing new inequities into the system. Currently, the preponderance of applicants who qualify for independent status -- nearly 85 percent -- qualify on the basis of automatic (rather than conditional) criteria, according to an analysis of a 10,000-case sample drawn from CSS's 1990-91 filing population:

Table 1. Impact of Independent Student Criteria

	% Filers Establishing Independence
Over age 24	76.6
Veteran	1.3
Orphan/ward of the court	1.3
Legal dependents	5.4
Undergraduate conditional criteria	8.7
Graduate/married conditional criteria	5.7
Professional judgment	1.0

The same analysis also suggested that an estimated 10.5 percent of currently self-supporting students might become *dependent* on the basis of the proposed new definition, unless professional judgment were applied. In many such cases, professional judgment probably *would* be applied, provided that sufficient evidence of self-support was available. The average age of these students was 21; their average Adjusted Gross Income (AGI) was about $10,000; on average, they were in their third undergraduate year in college. (About 8 percent of them had provided parental income and asset information when they completed the 1990-91 need analysis form.)

In summary, the proposed definition would contribute to greater ease of application for students and more equitable administration by aid officers.

7

Recommendation #3: Create an Application Bypass for Low-Income Students

The current "Simple Needs Test" *is not* simple. Students have to complete several questions just to figure out whether they qualify, and do not necessarily benefit from it even when they do.

The College Board strongly recommends that the Congress repeal the provision, and create instead an "application bypass" for very low-income filers. This is a concept that the College Board initially defined and advanced back in 1986.

We would propose that this exemption from income- and asset-analysis be made available to any dependent filer's *parent(s)* whose total taxable income is less than the IRS earned income credit limit *and* who files IRS 1040A or 1040EZ (or, in fact, whose income is so low that taxes need not be paid at all).

Such a bypass would permit certain filers to provide only basic demographic data on the application form, and skip the more complicated income and asset questions. Individuals who qualify for the application bypass would automatically be accorded maximum aid eligibility.

To assess the impact of this proposal, the College Board examined the distribution of parents' contributions in its 10,000-case sample for those dependent filers who would qualify. As Table 2 demonstrates, nearly 13 percent

of this filing population would qualify, and 82 percent of them already demonstrate zero parents' contributions under current Part F need analysis.

The prospect of an application bypass for independent students is more complicated and less easily agreed-upon in the aid community. But we are looking into possible mechanisms that may be appropriate for these filers as well, perhaps also based on the earned income credit limit.

Table 2. Distribution of Primary CM PC for Dependent Bypass Qualifiers

	AFDC Recipients		Nonfilers-Wages < $20001		1040A/EZ-AGI < $20001		Total	
PC (primary)	N	%	N	%	N	%	N	%
$ 0	40	6.4	181	28.8	296	47.1	517	82.2
1 to 50	0	.0	2	.3	6	1.0	8	1.3
51 to 100	1	.2	2	.3	5	.8	8	1.3
101 to 150	0	.0	0	.0	7	1.1	7	1.1
151 to 200	0	.0	1	.2	5	.8	6	1.0
201 to 250	0	.0	1	.2	6	1.0	7	1.1
251 to 300	0	.0	0	.0	2	.3	2	.3
301 to 350	0	.0	1	.2	5	.8	6	1.0
351 to 400	0	.0	1	.2	2	.3	3	.5
401 to 450	0	.0	0	.0	6	1.0	6	1.0
451 to 500	0	.0	0	.0	6	1.0	6	1.0
501 to 750	0	.0	2	.3	10	1.6	12	1.9
751 to 1000	0	.0	0	.0	7	1.1	7	1.1
1001 to 1250	0	.0	0	.0	10	1.6	10	1.6
1251 to 1500	0	.0	0	.0	2	.3	2	.3
1501 & higher	4	.6	6	1.0	12	1.9	22	3.5
Total	45	7.2%	197	31.3%	387	61.5%	629	100%

(Note that Table 2 uses total taxable income of $20,000, rather than the earned income credit limit, but the effects would be comparable.)

Recommendation #4: Eliminate provisions that complicate the methodology but affect relatively few applicants, and rely instead on professional judgment to handle special cases.

We propose eliminating from the methodology the following elements:

-- Special provisions for dislocated workers and displaced homemakers

-- Adjustment for unusual medical/dental expenses

-- Adjustment for elementary/secondary school tuition

Less than three percent of CSS dependent filers report dislocated worker/displaced homemaker status; the percent of independent filers is even lower. Only about 10 percent report elementary/secondary tuition expenses. Larger percentages report medical/dental expenses, but the average allowance for filers reporting such expenses is typically only a few hundred dollars and has a negligible effect on the expected contribution.

All three of these elements add complexity to the current methodology, yet the results are not significantly influenced by the added data for most applicants. We propose they be removed from the methodology, but that under Section 479A aid administrators be explicitly authorized to exercise professional discretion in treating applicants who report such special circumstances. Affording special

consideration to some students does not require cluttering up the methodology and the application form for all students.

Recommendation #5: Reform the Treatment of Home Equity

Dramatic increases in home values in some parts of the country have produced unfortunate and unintended effects on some financial aid applicants. The problem is not so much with families that have -- or recently had -- the wherewithal to buy very expensive houses. Rather, it is with families who own homes that are worth far more than they could afford if they had to buy in today's market.

The unintended result is that some families who apply for financial aid find that their home equity increases their expected parents' contributions (PCs) dramatically and disproportionally, and may even push them out of eligibility altogether.

One potential solution to the home equity dilemma is to eliminate it altogether from need analysis. But while this has the advantage of simplicity, it produces gross inequities. Eliminating home equity from need analysis entirely would almost certainly produce far greater need and eligibility among middle- and upper-middle income families relative to the very poor, and transfer aid from black families to white.

11

There are essentially four reasons why eliminating home equity is a bad idea:

- *Homeowners (as compared to renters) are already protected from rising housing costs.* This is the chief reason home equity has always been taken into account in measuring ability to pay. Relative to renters with comparable incomes, homeowners' housing costs are lower and fixed, and thus they have a greater ability to pay.

- *Homeowners are generally wealthier than renters.* Homeowners' average household income in 1987 was $31,903 -- almost twice the average household income of renters ($17,474).

- *Homeowners are more likely to be white than black.* According to the U.S. Census Bureau's 1989 Statistical Abstract of the United States, an estimated 92 percent of all owner-occupied housing units are occupied by white households, and the home ownership rate among white households is *56 percent higher* than among black households.

- *Homeowners receive favorable treatment under the income tax code that is not afforded renters.* Part of the mortgage payment is tax deductible; rent payments are not. Home equity loans for educational purposes give homeowners a tax deduction; renters get no such break on educational loans.

To ease the problems of families whose housing values have outstripped their incomes, the College Board proposes instead that home value be capped at three times income. This will protect aid applicants against housing booms that really didn't increase their ability to pay.

The rationale for the "three times income" is based on a well-known "rule of thumb" in the mortgage industry. A family seeking a mortgage is typically eligible to borrow up to a level where the maximum monthly payment equals

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12

about 30 percent of total income. This is the mortgage-industry standard for affordability.

Using that standard, a family with a $30,000 annual income could afford to buy a $90,000 house, paying about $790 a month at current rates with 100 percent financing. Conversely, if a family with a $30,000 income bought a house for $60,000 ten years ago, and the value of that house has escalated to $250,000, the family would not be able to afford that house in today's market.

Under the College Board proposal, the family's home value would be capped at $90,000. The home's *inflated* value would be ignored by the system. The proposed new treatment would add greater equity, but *no new questions* to the current forms. In processing, the central system could compute home equity using *either* the reported home value minus the mortgage *or* the total income times three minus the mortgage -- *whichever is lower*.

An analysis of the impact of this proposal was undertaken by running it against a 10,000-case sample of 1990-91 FAF/SAAC filers. The average amount of the resulting benefit varied by both income and amount of home equity, but the *significant* finding was that the home value cap would generate similar effects across all income bands. By contrast, eliminating home equity entirely chiefly benefits higher-income families.

Recommendation #6: Re-Base and Re-Name the SMA

There are two problems with the Standard Maintenance Allowance (SMA) as currently constructed; its name, and the economic data underpinning current SMA values.

In Part F needs analysis, the SMA is intended to represent the amount a family requires for basic necessities. A family with income equal to the SMA has no money to use for nonessentials like a higher standard of living or college expenses. Need analysis sets the zero contribution level for a financial aid applicant at the level of the SMA.

Above the SMA level, families have income that they can use for education as well as for other expenses. Need analysis expects that a portion of this so-called discretionary income will be used for college. The portion depends on family income, rising from 15 to 47 percent as incomes rise. Thus need analysis leaves most of this discretionary income to the family to use in improving its general standard of living.

Despite this, many people are misled by the name "standard maintenance allowance." They believe that the SMA represents the total amount the need analysis system thinks their family should live on, rather than just the amount required to cover basic necessities.

There are also problems with the way the SMA is derived. The data about family expenditure patterns underpinning the SMA are based on the 1967 Bureau of Labor Statistics (BLS) lower-budget expenditures for an urban family

of four. These budgets do not describe how any particular family actually spends its money, but rather reflect what it costs to purchase a specified "shopping basket" of goods and services. In other words, these budgets reflect the best authoritative judgment, on a category-by-category basis, of what a family requires to subsist; in a sense, they are "prescriptive" of behavior instead of "descriptive."

Over the past 25 years or so, shifts in relative prices and wage rates, changes in tastes and habits, changes in lifestyles, and the availability of new products have called into question the relevance of these standards. For example, the budget standard includes on its shopping list for apparel an anachronism like "pedal pushers," but does not reflect new products and services introduced since 1967, such as the increasing use of day care. To reflect changes in the market basket over time, the allowances have been adjusted for annual changes in the Consumer Price Index (CPI).

The SMA is the major allowance against income in need analysis. As a consequence, its relevance in time and theory is extremely important to the validity and underpinnings of need analysis. Because the SMA is based on data that are nearly 25 years old, it has been criticized as not reflecting present family circumstances.

The College Board's proposal consists of two parts:

(1) *Change the name of the SMA to the "Income Protection Allowance" (IPA)* to better communicate its function and mitigate the impression that it is supposed to cover all of a family's living costs; and,

(2) *Revise the basis for formulating the allowance by shifting from the historic BLS budget standards (inflated annually for CPI changes) to a norm derived from the ongoing Consumer Expenditure Survey (CES),* which is conducted annually by the BLS. By using CES data, the methodology will more closely reflect actual family spending patterns that are continually updated.

Recommendation #7: Create an Educational Savings Protection Allowance

Currently, Part F need analysis does not provide incentives for families to save for college and, as a result, does not convey to families values that are vitally important to higher education. Families who save for college may find that their careful planning will result in ineligibility for financial assistance.

This perceived dichotomy -- that those who save are "penalized," while those who spend are "rewarded" -- has contributed to dissatisfaction about the current treatment of savings in the methodology. Many families believe (and many financial planners advise) that the methodology contains a savings disincentive, and, as a result, families do not save in hopes that they will qualify for additional aid. Even though this disincentive is often exaggerated*, we

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*Many people assume that need analysis penalizes savings by "taxing" it at high rates; that is, by raising the expected family contribution by all or nearly all of the amount of savings. In fact, families end up much better off if they save for college, even under the current need analysis methodology. This can be seen by looking at how the expected parental contribution for a family of four changes when income or asset levels change. Let's assume that the family originally has $40,000 in annual income and $40,000 in assets. If its income increases from $40,000 to $56,000, its expected contribution will increase from $3,951 to $8,626. If its income remains at $40,000, however, and its assets increase from $40,000 to $60,000, the expected contribution will increase by a much smaller amount, growing from $3,951 to $4,943. An increase in assets from $40,000 to $80,000 increases the expectation from $3,951 to $6,071.

believe that the need analysis methodology should convey a more positive message about the benefits of saving for college.

The College Board proposes the addition of a new asset protection allowance to Part F need analysis: an Educational Savings Protection Allowance (ESPA) that is designed to prevent a dependent student's family contribution from *increasing* significantly because the parents have chosen to save for college.

Our Committee on Standards of Ability to Pay is currently working on a formula for deriving an ESPA, which would protect an amount of savings roughly equivalent to the parent contribution of that family. We will be glad to provide Congress with additional information in this area as soon as we finalize the formula and model it against a sample of cases.

Recommendation #8: Exclude Parents from the Number in College

We are concerned about the current inclusion of *parents* in the number-in-college adjustment for several reasons. *First*, many parents enroll in colleges that charge very low tuition and fees. The cost to the family is minimal, and the reduction in the PC understates the parents' ability to pay for *their children's* postsecondary education.

Second, many parents enroll in personal development courses rather than degree or certificate programs. To the extent that such endeavors are clearly discretionary in nature, so are the associated expenses. *Third*, it is not uncommon for their employers to pay the tuition costs for those who *do* enroll in

degree or certificate programs. Therefore, there really isn't any impact on the parents' ability to contribute to their *children's* education.

Fourth, the enrolled parent doesn't generally move out of the home to pursue his or her education or training. The related Standard Maintenance Allowance adjustment for additional enrollees assumes that a child will move out of the home to attend college; the enrolled parent will not do so. *Finally*, the current treatment disproportionately benefits families at the high end of the income scale, while lower-income families receive virtually no benefit from the treatment. (A zero PC divided by two, three, or four is still zero.)

The College Board proposes instead that parents be *excluded* from the number-in-college adjustment, but that aid administrators have the explicit authority under Section 479A to reduce available income by the amount of unreimbursed direct educational expenses of parents enrolled in degree or certificate programs.

Recommendation #9: Treat Self-Supporting Students Similarly

Currently, Part F need analysis treats independent students with dependents very differently from independent students without dependents.

On its face, this certainly makes sense. Students without dependents have a greater ability to contribute toward educational expenses than similarly situated students with dependents. Yet, in the Part F formulas, *married* independent students *without* children are afforded the same comparatively lenient treatment as independent students *with* children (and almost the same treatment as parents

of dependent students), while *single* independent students *without* children are treated much less generously. In contrast, the Pell formulas do not extend the more lenient "parental" treatment to an independent student unless that student has children or other qualifying dependents.

We are concerned that scarce financial resources are being redistributed to married independent students without children -- applicants who were eligible for little, if any, need-based aid prior to the implementation of the Congressional Methodology. In 1987-88, the last year in which the old Uniform Methodology (UM) was in use, the average contribution for *married* independent filers without children (about 10 percent of CSS independent filers) was $8,670 -- nearly four times more than what it is today.

It can be argued further that the current approach does violence to the principle of horizontal equity, since the *single* independent student without children is assessed so much more heavily than the *married* independent student without children. Under the 1990-91 formulas, the average contribution for CSS married independent filers without children was $2,386, while the average contribution for single independent students without children was $4,570.

The potential inequities associated with the treatment of married independent students who have no children are compounded when both the student aid applicant *and* the spouse are enrolled in postsecondary education and apply for aid. Assuming an enrollment period of nine months, the Standard Maintenance Allowance recognizes 15 months of living expenses for these families (12 months for the spouse and 3 months for the student). This SMA is

subtracted from the couple's total income in computing the *student's* contribution from income and is subtracted again from the couple's total income in computing the *spouse's* contribution from income. (In other words, 30 months of individual maintenance are subtracted from the couple's 12-month income when both student and spouse are aid applicants.) Furthermore, both the student and the spouse are granted a nine-month living allowance when the aid administrator determines each student's own expense budget. This means that a total of 48 months of expenses are recognized in determining the student's and spouse's financial aid eligibility for the nine-month enrollment period.

In order to resolve the inequity and produce a treatment of independent students that is in line with the current Pell treatment, the College Board recommends the following modification of Part F need analysis:

1. Apply the income assessment rates currently used for independent students without dependents (70 or 90 percent for taxable income and 100 percent for untaxed income).

2. Apply the state and local tax rates currently used for independent students without dependents.

3. Reduce income by a monthly maintenance allowance for each month the student and spouse are not enrolled in postsecondary education. (This allowance would be derived annually from the two-person SMA instead of fixed at $600 per month, as is currently the case for single independent students without dependents, and therefore, would be updated for inflation.)

4. Require a minimum contribution from available income of $1,200, after dividing the available income by the number in college.

5. Provide an employment allowance if the spouse is employed.

6. Use the 35 percent asset conversion rate currently used in the Part F treatment of independent students with no dependents.

7. Divide the income supplement by the number in college.

Conclusion

In closing, I want to thank the members of this Committee for their continuing strong advocacy of the federal student aid programs. For more than a quarter of a century, those programs have been -- not merely a symbol -- but the chief instrument of a bipartisan national commitment to equalizing educational opportunity.

In an era of escalating national needs and rising global competition, those programs are more important than ever -- as is your leadership in their defense.

Thank you.

Simplicity, Equity, and Integrity: An Agenda for the Reauthorization

The College Board
April, 1991

The College Board's Reauthorization agenda was developed over the course of many months in consultation with its Board of Trustees, the Advisory Panel to the Washington Office, the College Scholarship Service (CSS) Council, the CSS Council Committee on Standards of Ability to Pay (CSAP), the financial aid divisions of the six Regional Assemblies of the College Board, and the Advisory Committee to the Office of Adult Learning Services. These ideas were submitted to the House Postsecondary Education Subcommittee and the Senate Subcommittee on Education, Arts, and Humanities in April, 1991.

Simplify application forms, need analysis methodology, and delivery

Distributing finite subsidy dollars on the basis of relative financial circumstances *is* a complex undertaking. But the complexity should lie in the *policy* that undergirds the programs, not in the application process or the practice of student aid administration. Simplifying aspects of the system with which students and families interact will promote greater public understanding of, and confidence in, the process.

- **Integrate the Pell Grant and Part F (i.e., Congressional) methodologies** into a single methodology. The maintenance of two separate methodologies complicates the assessment of need and eligibility. Families find the dual methodologies confusing; aid administrators find them burdensome; processors and policymakers alike find them difficult to maintain, analyze, and update.

- **For Pell purposes, adjust the outcome of the new, integrated methodology by subtracting the amount of the minimum student share from earnings from the expected family share,** producing a "Pell Eligibility Number."

- **Permit institutions to pay a Pell Grant on the basis of an official Pell Eligibility Number, whether the result is delivered directly by a certified MDE processor, by the applicant, or by such other means as the Secretary might choose to designate.** This change will simplify the data flow and result in more timely delivery of both award notifications and dollars.

- **Use more understandable language throughout Title IV wherever possible,** such as "family share" instead of "family contribution" (which carries an inaccurate connotation of being voluntary).

- **Eliminate complicating data elements and treatments that affect comparatively few applicants,** such as the special allowances for dislocated workers and displaced homemakers, medical/dental expenses, and elementary/secondary school tuition.

- **Remove veterans' benefits from the Part F need analysis formulas and treat all such benefits consistently as a resource available to the applicant.**

- **Place greater reliance on the professional judgment of aid administrators to address such special circumstances as the foregoing.**

- **Repeal the Income Contingent Loan Program.** The program has never garnered wide community or public support, and funds required to fund it in future years can be reallocated to better effect.

Streamline the delivery of aid to very low-income applicants

Their needs are great, their resources are extremely limited, and their interactions with the delivery system can and should be simplified.

- **Repeal the complicated "Simple Needs Test," and instead permit certain filers to provide only basic demographic data on the application form and skip all income and asset questions.** Qualifying for the bypass: recipients of public assistance who are the parents of dependent filers or are themselves independent filers; dependent filers' parents who do not file an IRS Form 1040 and whose total taxable income is less than the IRS earned income credit limit.

- **Automatically accord all filers qualifying for the application bypass a zero parents' share (if they are the parents of dependent students) or a zero student's share (if they are self-supporting students).** Dependent filers whose parents are public assistance recipients would also be permitted to skip student income and asset questions. Part F would assume a minimum student share from earnings.

- **Authorize the Secretary to enter into agreements with institutions for the purpose of conducting projects designed to demonstrate or determine the feasibility and value of alternative mechanisms for assessing need and eligibility without recourse to a completed common application form.** Possible innovations: alternative applications, computer software, guided interviews, early estimates.

Increase assistance to the neediest by restoring the purchasing power of Pell Grants

Rising college costs and a decade of inflation without any increase in the Pell maximums have reduced Pell Grant Program's support for the neediest students and eroded the purchasing power of the grants.

- **Increase the maximum award to $4,000 [$2,500 for living expenses and up to $1,500 for tuition, limited to 25 percent of tuition].** The effects of the proposal would be to increase support for the neediest students, provide more realistic living-expense budgets and greater tuition sensitivity, and recoup inflationary losses in the Pell Grant's purchasing power over the last decade. *(Note: This proposal is being advanced by the American Council on Education (ACE) on behalf of 12 higher education associations; the College Board endorses it in principle.)*

Simplify the definition of independent student status

The current definition is too complicated. Students can't understand it; aid administrators find it difficult to administer; the 16 questions currently required to fulfill it make the form look intimidating.

- **Preserve the current automatic criteria** (but change the date on which age 24 must be established January 1 to July 1 to correspond with the awarding cycle).

- **Permit graduate and professional students to establish independence automatically without reference to any other conditional criteria.**

- **Eliminate all conditional criteria.**

- **Allow aid administrators to exercise their professional judgment to classify as independent those students who do not meet any of the automatic criteria but who are genuinely self-supporting.**

Provide for greater sensitivity, equity, and currency in need analysis

Some aspects of the current methodology violate principles of horizontal and/or vertical equity; others fail to reflect current realities about family attitudes and expenditure patterns; still others are rapidly becoming ossified in law. We can do better.

- **Cap home value at three times income.** (The methodology would compute home equity using either the reported home value minus the mortgage or the total income times three minus the mortgage, whichever is lower.) Such a treatment would provide some relief to families whose home values in "boom markets" have far outstripped their true incomes, while maintaining equity between homeowners and renters.

- **Increase the minimum student share from earnings from $700/$900 to $900/$1100** (for dependent students) and from $1200 to $1500 (for self-supporting students), and tie this and subsequent derivations to the federal minimum wage. This provides an economic rationale for deriving and updating minimum contributions (which are now fixed in law).

- **Rename the Standard Maintenance Allowance (SMA) the "Income Protection Allowance (IPA),"** and compute its value on the basis of norms derived from the annually conducted Consumer Expenditure Survey (CES), rather than from the historical BLS budget standards inflated annually for changes in the CPI.

- **Create an Educational Savings Protection Allowance (ESPA),** to eliminate the perceived disincentives to saving in Part F need analysis by ensuring that a dependent student's expected family share is not disproportionately increased because the parents have chosen to save for college.

- **Exclude parents from the number-in-college adjustment,** but permit financial aid administrators to exercise professional judgment by accounting for their unreimbursed direct educational expenses as an allowance against income, provided that the parents are enrolled in degree or certificate programs. This is a more progressive treatment of families in varying economic circumstances whose parents are enrolled in postsecondary education than current practice.

- **Modify Part F need analysis to treat all independent students without children in a similar manner,** except that the assessment rate on income be set at a "flat" 70 percent (in order to correspond to the treatment proposed in NASFAA's Plan for Reform).

- **Provide for the annual updating of the asset conversion rate tables in Part F** by increasing values to reflect increases in the Bureau of Labor Statistics (BLS) Consumer Expenditure Survey. (The asset conversion tables have not been updated since prior to the last reauthorization, and are currently fixed in law.)

- **Establish a mechanism and a timetable for structuring annual review and updating of Part F formulas and tables.** The goal is to ensure the continuing vitality of the methodology. The Secretary will be directed to solicit advice from the educational community and the public, and present proposals to the Congress for consideration between reauthorizations.

Reinforce and reward program quality and integrity.

Access remains the touchstone of the Higher Education Act, but on behalf of students, we must ask: "Access to what?"

- **Authorize the Secretary to establish objective performance standards** for the administration of Title IV programs, in consultation with appropriate institutions and agencies. Provide also for systematic program reviews and both automatic and on-site recertification reviews. Require timely notification of the Secretary by accrediting agencies of action taken with respect to a particular institution. *(Note: The College Board endorses in principle this proposal from ACE.)*

- **Authorize the Secretary to develop a program of regulatory relief,** under which institutions that meet or exceed objective performance standards are eligible to apply for exemption from portions of Federal regulation. Examples of areas subject to possible waivers or modifications: requirements related to transferring funds between programs, reporting to the Federal government, audits and program reviews, collecting data from and/or reporting data to applicants and prospective applicants.

- **Permit institutions eligible under Title III, Parts A and B, to use funds to institute such changes as may be required to meet objective performance standards established pursuant to enactment of the foregoing.**

Support earlier guidance and outreach, especially to at-risk students.

Student aid dollars alone are not enough. More *and earlier* help is needed to increase the rate at which the most disadvantaged students enroll in and succeed at higher education.

- **Encourage institutions of higher education to develop College Work-Study programs involving eligible students in early-outreach activities aimed at low-income junior high and high school students.** (A new authority under College Work-Study would parallel the current Community Service Learning provisions of CWS.)

- **Reauthorize for an additional four years, expand eligibility to include individuals preparing for careers in school-based counseling, and rename the program the "Congressional Teacher and Counselor Scholarship Programs."** The broadened focus would recognize the increasingly critical role of guidance counselors in facilitating students' transition from one educational setting and/or level to another.

- **As a condition of participation in Title IV programs, require postsecondary institutions to report on enrollments and institutional finances to the Integrated Postsecondary Education Data System (IPEDS),** modified as appropriate to accommodate proprietary accounting practices.)

- **Authorize a new authority under the State Supplemental Incentive Grant (SSIG) Program that provides matching grants to encourage states to create or expand early intervention programs for at-risk students.** *(Note: The College Board endorses in principle this proposal from ACE.)*

- **Expand the authorization of the TRIO programs** beyond the approximately 20 percent of the eligible population now served.

- **Authorize the Secretary to make contracts for an early awareness information program aimed at high school students and families.** *(Note: The College Board endorses in principle this proposal from ACE.)*

- **Enact provisions of H.R. 1524, the "Student Counseling and Assistance Network Act of 1991."**

Mr. SAWYER. Thank you very much, Ms. Thomas-Parrott.

Ms. Hicks?

Ms. HICKS. Mr. Chairman, members of the subcommittee, good morning.

My name is Elizabeth Hicks. I am Assistant Dean of Admissions and Financial Aid at Harvard and Radcliffe Colleges, and Coordinator of Financial Aid for Harvard University. On this occasion, I am here to represent the nearly 3,300 members of the National Association of Student Financial Aid Administrators, NASFAA.

As the past and current chair of NASFAA's Need Analysis Standards Committee, and a long time member of that committee, I have been involved in the exploration, review, and development of NASFAA's proposal for an understandable need analysis methodology, which will, in turn, simplify the delivery of Federal student financial aid.

We are pleased to have the opportunity to highlight our proposal for need analysis. We are grateful that the product of NASFAA's extensive discussions has been afforded this opportunity for review and discussion. We believe that our approach is most beneficial to Federal student aid recipients.

The NASFAA plan for reform proposal identifies a single need determination process for Federal funds, while recognizing that some institutions, States, or private aid sources may need or desire additional data or analysis to assist them in awarding their own funds.

The methodology included in the NASFAA plan is intended as a baseline for all Federal programs, using a single application form. While others have promoted the desirability of a single need analysis for the Federal programs, NASFAA has actually developed complete methodology.

We recognize that modifications may be necessary, but we are encouraged that our proposal will form the framework for discussions in this critical area. I would like to mention several key features of the proposed Federal methodology as envisioned by NASFAA.

First, the determination of who should pay is simplified. The parents first/students first concept replaces the existing definition of self-supporting status, and supports the use of professional judgment authority by financial aid administrators to address unusual circumstances.

The elimination of independent/dependent terminology places appropriate emphasis on responsibility to pay, not on other semantics.

Second, the application process for qualified public assistance recipients is radically expedited. Families receiving public assistance will receive only a small number of demographic eligibility questions on the application form. Those who meet these basic eligibility criteria will be fully eligible for Federal assistance.

Third, the number of data elements is reduced for a specific low-income population. Parents of students with a total income of $20,000 or less, and who do not file a 1040, will complete no asset questions. It is important to note that we believe our approach, eliminating asset questions for families below the specified income level, as well as the use of limited questions for public assistance

recipients, accomplishes essentially the same goal as the simplified needs test in current law, but in a more equitable manner.

In addition, this outcome is achieved without an additional methodology. The proposal we have advanced incorporates the need and treatment of these distinct populations into one single methodology.

Fourth, the overall number of application data elements is reduced, while the critical role of the professional judgment of the financial aid administrator to deal with special circumstances, is maintained. Any attempt to streamline the delivery of student aid must be accompanied by authority to be sensitive to situations that do not meet the norm.

Use of the parents first/students first definition contributes substantially to this reduction. Acknowledging other data elements such as separate treatment for dislocated workers and displaced homemakers, the amount of medical/dental expenses, and the amount of elementary and secondary tuition paid for dependent children for affected students, is more efficient than encumbering the application with these items for all applicants.

Further, the NASFAA draft application document, of which we provided you a copy over here on the flip board, provides a section of the description of special circumstances, which will enable financial aid administrators to identify families and students in these situations.

Fifth, home asset value is capped relative to a families income. The capping of home asset values under our model will protect those families, particularly those from the middle income ranges, whose home values have escalated dramatically and out of proportion to their incomes.

Sixth, desired policy objectives are met through database matches, instead of encumbering the application with certification statements. NASFAA believes that database matches with the Selective Service, the Immigration and Naturalization Service, and the National Student Loan Data System, when operational, are important in achieving more accurate information, and in making the system less of a barrier to students.

These matches are a very high priority because they carry out Federal public policy purposes determined by Congress without impeding the student aid system.

Since 1980, NASFAA has endorsed the view that students should not pay fees for applications, and still strongly embraces this goal. In a climate of unlimited Federal funding, free processing for all students would clearly be the ideal.

However, our realistic assessment of current Federal fiscal constraints proposes prioritizing the distribution of Federal funds for this purpose to ensure that the most needy are served first.

The primary goals of NASFAA's work were equity and access. Assuring equitable distribution of funds among student applicants and ease of entry into the process, so that the process itself does not present a barrier to higher education. These goals are represented by the NASFAA plan.

We recognize that some modifications may be necessary, and in fact, are currently working with the American Counsel on Education and the other presidential associations to ensure that the re-

sults from our proposed analysis will be compatible with the Pell Grant formula modification they have developed, while still meeting our stated goals.

We welcome the comments we have received on our proposal as an opportunity to clarify our intent and to expand the base of knowledge of interested individuals.

In closing, let me emphasize our belief that it is of utmost importance to accomplish these goals by streamlining the difficult process for those most at risk, while maintaining access for equally qualified students with modest resources.

We pledge our support to the goal of refining the proposal we have outlined to achieve this end. We look forward to working with you, Mr. Chairman, and this subcommittee, as work continues in this important area.

I thank you for the opportunity to appear before you and would be happy to respond to any questions you have.

[The prepared statement of Elizabeth Hicks follows:]

STATEMENT OF

THE NATIONAL ASSOCIATION OF

STUDENT FINANCIAL AID ADMINISTRATORS

BEFORE THE HOUSE SUBCOMMITTEE ON

POSTSECONDARY EDUCATION

PRESENTED BY

ELIZABETH M. HICKS
COORDINATOR OF FINANCIAL AID
HARVARD UNIVERSITY

July 31, 1991

Mr. Chairman, Members of the Subcommittee: Good morning. My name is Elizabeth Hicks. I am Assistant Dean of Admissions and Financial Aid at Harvard and Radcliffe Colleges and Coordinator of Financial Aid for Harvard University, and on this occasion, here to represent the nearly 3,300 institutional members of the National Association of Student Financial Aid Administrators (NASFAA). As the past and current Chair of NASFAA's Need Analysis Standards Committee and a long time member of that committee, I have been involved in the exploration, review, and development of NASFAA's proposal for an understandable need analysis methodology which will, in turn, simplify the delivery of federal student aid.

We are pleased to have the opportunity to highlight our proposal for need analysis. We are grateful that the product of NASFAA's extensive discussions has been afforded this opportunity for review and discussion. We believe that our approach is most beneficial to federal student aid recipients.

As you know, in developing our Reauthorization recommendations in this area and others, NASFAA conducted a systematic review of its membership to determine the needs of students. Hearings were held in our member regions and input was solicited through publications specifically targeted toward Reauthorization. A specific Task Force was formed which spent the last two years identifying issues, submitting proposed solutions to the NASFAA membership, and concluding positions through the Board of Directors of the Association.

This review process identified simplification of student aid delivery as one of four essential themes. To respond, NASFAA has created a cohesive, comprehensive approach to make the delivery system more understandable and accessible to students, while maintaining a high value for all participants in the process. This approach is embodied in NASFAA's "Plan for Reform."

Background

A brief review of NASFAA's approach may be useful as a reference. The "Plan for Reform" represents more than 5 years of study and review by NASFAA's Need Analysis Standards Committee, which is comprised of representatives from all sectors in NASFAA's membership. The Committee's study included numerous interviews with various participants in the system as well as extensive feedback from the NASFAA membership. The input stressed the increasing burden on students in terms of application completion and clearly pointed to the need for change in the mechanisms for entry into the student aid process.

NASFAA identified four primary goals to guide its review of the student aid delivery system: 1) funds are equitably targeted to the lowest income families, 2) the process assures access to postsecondary education, 3) the system is understandable; and 4) the data required supports accuracy.

Inherent in NASFAA's goals is the premise that a revised delivery system should not have the undesirable effect of reducing aid to the neediest students, whom these programs are, first and foremost, intended to serve. NASFAA also recognized the

dual need to direct funds appropriately to low-income disadvantaged individuals and to provide assistance to working families.

Further, in addressing the goals, NASFAA found that while simplification was not an adequate goal in and of itself, it was determined to be the best mechanism to achieve the goal of access. This is more than a semantic distinction; if simplicity was the goal, a system with a handful of elements would work. However, the student aid delivery system must be both accessible--appearing easier to families--and must preserve funds for the neediest students by correctly assessing the financial strength of families more able to pay for postsecondary expenses, thus limiting the demand on student aid funds that might otherwise reduce funding support to the neediest students. Further, such a system must, to the greatest extent possible, address the needs of the partners--the federal government, states, institutions, and private donors--in this process and minimize the necessity for additional data, thereby ensuring sensitivity to student needs, as well.

The "Plan for Reform" reflects NASFAA's view of that balance. We believe the resulting process is equitable and accessible -- but also is more simple.

Key Features of the Simplified Approach

The NASFAA "Plan for Reform" proposal identifies a single need determination process for federal funds, while recognizing that some institutions, states, or private aid sources may need or desire additional data or analyses to assist them in awarding their own funds. The methodology included in the NASFAA Plan is

intended as a baseline for all federal programs, using a single application form. While others have promoted the desirability of a single need analysis for the federal programs, NASFAA has actually developed a complete methodology. We recognize that modifications may be necessary but we are encouraged that our proposal will form the framework for discussions in this critical area.

Following are the key features of this proposed federal methodology, as envisioned by NASFAA.

• **The determination of "who should pay" is simplified.**
The "Parents First/Students First" concept replaces the existing definition of self-supporting status and supports the use of professional judgment authority by financial aid administrators to address unusual circumstances. The assessment of a family's financial well-being reflects the position that parents have the primary responsibility for postsecondary education expenses, with the subsequent responsibility resting with students themselves. The elimination of "independent/dependent" terminology places appropriate emphasis on responsibility to pay, not on other semantics.

Students under age 24 qualify under the proposed "Parents First" definition, unless they fall into one of several categories. These categories, which would be considered under the "Students First" definition, include veterans, orphans and wards of the court, students with dependents (other than a spouse), and graduate/professional students. Fall 1990 data from the College Scholarship Service

shows that 84.6 percent of their independent filers established their independence based on the automatic criteria included in the NASFAA Plan.

• **The application process for qualified public assistance recipients is radically expedited.**

Families receiving public assistance will complete only a small number of demographic eligibility questions on the application form. Those who meet these basic eligibility criteria will be fully eligible for federal assistance. Public assistance presently includes income maintenance assistance, such as AFDC or ADC. Expansion of this category is desirable if other similar programs can be identified that target maintenance assistance to the lowest income families. NASFAA is interested in examining the proposal advanced by some in the higher education community to use the earned income limitation in a similar manner as an identifier for the neediest students.

• **The number of data elements is reduced for a specific low income population.**

Parents of students with a total income of $20,000 or less and who do not file a 1040, will complete no asset questions. It was NASFAA's original intent to extrapolate assets from family income, and thereby eliminate the need to ask any asset questions of student applicants. Input from NASFAA members and additional data evaluation suggested that such extrapolation would not yield equitable results. The use of this approach effectively screens applicants so that the majority of lower income families will not complete any asset questions.

It is important to note that we believe our approach--eliminating asset questions for families below the specified income level--as well as the use of limited questions for public assistance recipients, accomplishes the essentially same goal as the simplified needs test in current law, but in a more equitable manner. In addition, this outcome is achieved without an additional methodology. The proposal we have advanced incorporates the needs and treatment of these distinct populations into one single methodology.

NASFAA explored the possibility of a similar simplified approach for Students First applicants. Because of wide variations in the earning ability and asset strength of these families, we could not establish an income level that correlated with the $20,000 level set for students' parents. Our members also felt that all students should report assets as primary beneficiaries of the education. NASFAA is continuing discussions in this area, and, if we can develop a better solution to simplify treatment for these students, we will bring it to your attention.

• **The overall number of application data elements is reduced.**
Use of the "Parents First, Students First" definition contributes substantially to this reduction. As currently proposed, 5 yes/no questions are associated with this definition; on the 1991-92 Application for Federal Student Aid (AFSA), there are 17 yes/no questions and 5 other questions used to determine dependency status.

Other data elements have also been eliminated, such as the separate treatment for dislocated workers and displaced homemakers, the amount of medical/dental

expenses, and the amount of elementary/secondary tuition paid for dependent children. Because these elements affect a limited number of student applicants, NASFAA believes that these conditions and expenses are more appropriately recognized on an individual basis by the campus aid administrator through the professional authority extended to financial aid administrators.

Acknowledging these items for affected students is more efficient than encumbering the application with these items for all applicants. Further, the NASFAA draft application document provides a section for the description of special circumstances which will enable financial aid administrators to identify families and students in these situations.

• Home asset value is capped relative to a family's income.

While the total elimination of home equity from need analysis tends to benefit higher income families, NASFAA's treatment generally results in a consistent and more moderate reduction in family contribution across income bands. In our proposal, the maximum home value equals three times the family's total income; home equity is the lower of reported home value minus the home mortgage or three times the total income minus the home mortgage. The capping of home asset values under our model will protect those families, particularly those from the middle income ranges, whose home value has escalated dramatically and out of proportion to their income.

• **The critical role of professional judgment of the financial aid administrator to deal with special circumstances is maintained.**

Any attempt to streamline the delivery of student aid must be accompanied by authority to be sensitive to situations that do not meet the norm. Families whose circumstances have changed would be identified in part through the application. As noted earlier, the application would instruct affected families to provide information on their own special circumstances (divorce, death, unemployment, dislocated workers, displaced homemakers, etc.) directly to the financial aid office. The financial aid administrator, in turn, can respond to these special needs and make appropriate adjustments when needed.

• **Desired policy objectives are met through data base matches instead of encumbering the application with certification statements.**

NASFAA believes that data base matches with the Selective Service, the Immigration and Naturalization Service, and the National Student Loan Data System (when operational) are important in achieving more accurate information and in making the system less of a barrier to students. These matches are a very high priority because they carry out federal public policy purposes determined by Congress without impeding the student aid system.

Since 1980, NASFAA has endorsed the view that students should not pay fees for applications, and still strongly embraces this goal. In a climate of unlimited federal funding, free processing for all students would clearly be the ideal. However, our realistic assessment of current federal fiscal constraints proposes prioritizing the

distribution of federal funds for this purpose, to ensure that the most needy are served first.

The NASFAA Plan would establish these matches as a priority for federal funding followed by free processing for applicant categories in ascending level of income. This will ensure that the system most advantages the lowest income applicants with respectively significant benefits for those of greater means.

Conclusion

The primary goals of NASFAA's work were equity and access: assuring equitable distribution of funds among student applicants, and ease of entry into the process, so that the process itself did not present a barrier to higher education. These goals are represented by the NASFAA Plan. We recognize that some modifications may be necessary and, in fact, are currently working with the American Council on Education and the other presidential associations to ensure that the results from our proposed analysis will be compatible with the Pell Grant formula modification they have developed while still meeting our stated goals. We welcome the comments we have received on our proposal as an opportunity to clarify our intent and expand the base of knowledge of interested individuals.

In closing, let me emphasize our belief that it is of utmost importance to accomplish these goals by streamlining the difficult process for those most at risk, while maintaining access for equally qualified students with modest resources. We pledge our support to the goal of refining the proposal we have outlined to achieve

this end. We look forward to working with you, Mr. Chairman, and this Subcommittee as work continues in this important area.

I thank you for the opportunity to appear before you and would be happy to respond to any questions you may have.

Mr. SAWYER. Thank you.

Ms. Neely-Eacona?

Ms. NEELY-EACONA. Good morning. My name is Elaine Neely-Eacona, and I am pleased to have the opportunity to testify before the subcommittee on the topic of need analysis. Before I discuss some of the issues related to need analysis, I would like to tell you a little bit about myself and the institutions that I work for.

I have been a financial aid officer for 17 years, all of those years at proprietary institutions. Today I work for Education Medical, Incorporated, a system of seven schools that is currently educating 1,400 students in the allied health fields.

On a personal note, I want to tell you how much I like my job, how rewarding I find it. Roughly 85 percent of the students benefit from some kind of financial aid. The majority of our students are women, many of them are single mothers. Most of our students enroll in our school after having had a low-paying job or a dead-end job, or were without employment at all.

When they graduate from our schools they are prepared for rewarding employment and they look forward to a decent paycheck to help them support themselves and their families. I can assure you that most of them would never have been able to obtain this education without Federal financial aid.

This morning I am also here to speak on behalf of the nearly 1.5 million students who attend institutions accredited by the National Association of Trade and Technical Schools, NATTS, and the Association of Independent Colleges and Schools, AICS. Tomorrow, these two organizations will officially announce the creation of the Career College Association, a new organization to represent NATTS and AICS members. Now to the topic at hand.

Simply stated, the current system of need analysis evaluates a students and/or families income and assets to produce an indicator or financial strength and ability to contribute to the costs associated with attending a given institution. As the subcommittee looks to modify the system, we ask that you keep the following three goals in mind.

First, any system of determining a students' and/or families' need for Federal financial aid must be kept simple to ensure that it truly provides access to postsecondary education.

Second, the system must objectively assess a student and family's ability to pay for their education, especially given the current concern about program integrity.

Finally, all types of students and families must be treated fairly and consistently under the need analysis formula. The formula must be free of any bias that might give preferential treatment to certain types of students or certain types of institutions.

With these goals in mind, the NATTS/AICS Joint Committee on Reauthorization, has developed the following recommendations for your consideration.

Like many of the other organizations testifying today, NATTS and AICS encourage Congress to give serious consideration to the development of a single need analysis system. Under such a system, students should be able to submit one set of data that would be assessed for the Stafford Loan programs, and the same

information, with some modification, would be used in determining Pell Grant eligibility.

To simplify the application process, we recommend that the subcommittee develop a series of application forms designed to assess the financial strength of targeted income groups, similar to the variety of forms provided by the Internal Revenue Service, a student or family could choose the appropriate form based on their financial situation, including their dependency on other Federal programs.

Because the average student's and/or family's financial situation does not change significantly from year to year, we recommend that the reapplication process be simplified for those students continuing their education.

The formula should also be modified to better reflect the needs of independent students, many of whom are nontraditional students. We recommend that the subcommittee add married undergraduate, and graduate professional, to the automatic criteria under the independent student definition.

Permit students who are once determined to be independent by the independent student definition to remain independent, without having to demonstrate repeatedly, their independence. Use estimated year income for entering independent freshmen, and entering graduate students. Using base-year earnings for these students artificially inflates the available income of students and therefore imposes a barrier to educational opportunity.

Mandate the inclusion of day-care costs for independent students with dependents in the student aid budget. The inability to pay for day-care forces many students to drop out of school because of the demands placed on them to care for their dependents.

These changes would simplify the application process and would modify the law to better reflect the financial realities of these special groups of students. We recommend that the following provisions in current law also be changed to more clearly identify and assess dependent students:

Eliminate parents from the number-in-college adjustment for the parental contribution, except for those parents who are enrolled in a degree or certificate program.

Eliminate double counting of dependent student's earnings. The counting of student earnings as both income and savings results in an artificially high student contribution.

Reduce the current dependent student contribution to reflect more accurately a student's ability to contribute to a financial aid package.

We also recommend that the committee improve the administration of student aid at the campus level by restoring the ability of the financial aid administrator to use discretion to assist students with special circumstances. We also recommend that over-awards of grants, loan, or work-study assistance should be permitted up to $500.

In closing, I would like to commend you for the monumental effort you have already put forth into the reauthorization process, and again express my appreciation for the opportunity to be part of it.

I would be pleased to answer any questions that you may have. Thank you.

[The prepared statement of Elaine Neely-Eacona follows:]

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2251 Wisconsin Avenue, N.W. · Washington, DC 20007 202-333-1021
Association of Independent Colleges and Schools
One Dupont Circle, N.W. · Suite 350 · Washington, DC 20036 202-659-2460

Testimony of Elaine Neely-Eacona
before the
House Subcommittee on Postsecondary Education
William D. Ford, Chairman
July 31, 1991

Good Morning!

My name is Elaine Neely-Eacona and I am pleased to have the opportunity to testify before this Subcommittee on the topic of need analysis. In my work as the Director of Financial Aid at Educational Medical Incorporated, I see everyday the direct impact that the need analysis system has on students' and families' choices to attend a postsecondary institution.

Before I discuss some of the issues related to need analysis, I would like to tell you a little bit about myself and the schools for which I work. I have been a financial aid officer for 17 years, all of those years at proprietary institutions.

Today I work for Educational Medical Incorporated, a system of seven schools that is currently educating 1,400 students. Five of the schools are located in California, one just outside of Atlanta, Georgia, and one in Phoenix, Arizona. Our Georgia school has been operating since 1943, and the other schools have been operating since the 1970s.

The educational programs offered at six of our schools focus on medical and allied health fields. Among the programs we offer are vocational nursing, medical assistants, dental assistants, respiratory technicians and sports medicine, as well as various medical programs, such as specialists in insurance and receptionists. (One of our schools also has a variety of business education programs.)

On a personal note, I want to tell you how rewarding I find my work. Roughly 80-85 percent of our students benefit from some kind of federal financial aid. The majority of our students are women, many of whom are single mothers. Most of these students enroll at our schools after they have spent some time at either low-paying or dead-end jobs, or without employment, at all. When they graduate from our schools they are prepared for rewarding employment and they can look forward to decent paychecks to help them support themselves and their families.

I can tell you that I have personally seen countless individuals move from terrible financial circumstances to financial independence because of the education they receive in our schools. And I can assure you that most of these students could never get that education without the help of federal financial aid

This morning I am also here to speak on behalf of the nearly 1.5 million students who attend institutions accredited by the National Association of Trade and Technical Schools (NATTS) and the Association of Independent Colleges and Schools (AICS). Tomorrow, these two organizations will officially announce the creation of a new organization to represent NATTS and AICS members. The new organization, to be called the Career College Association, will serve as the membership organization for institutions accredited by the NATTS and AICS accrediting commissions.

The current system of need analysis is based on the assumption that students and parents have an obligation to attempt to first finance postsecondary education on their own. Simply stated, the need analysis system evaluates a student's and/or family's income and assets to produce an indicator of financial strength and ability to contribute to the costs associated with attending a given postsecondary institution at the time that the application is submitted. Under current law, two systems are used to assess a student's need, one for the Stafford Loan and campus-based programs, and a second system for the Pell Grant program. The former need analysis system, called congressional methodology, is also used by states to determine eligibility for state scholarship programs and by institutions to determine eligibility for institutionally-based aid.

As the Subcommittee looks to modify the current system of need analysis, we ask that you keep the following three goals in mind.

First, any system of determining a student's and/or family's need for federal financial aid must be kept simple to ensure that it truly provides access to postsecondary education. The current system is far too complicated for students and families to understand. As a result, many students and families are intimidated by the complexity of the process and may choose not to even attempt to fill out the forms. This is especially true of students from disadvantaged backgrounds.

Second, the system must objectively assess a student's and/or family's ability to pay for their education. Concern about the integrity, of the student aid programs has eroded political support for these programs. Every effort should be made to restore program integrity and a need analysis system that fully reflects a family's ability to pay will help to build greater confidence in how our federal student aid dollars are spent.

Finally, all types of students and families must be treated fairly and consistently under a need analysis formula. While preference should be given to needier students, the formula must be free of any bias that might give preferential treatment to certain student types, such as a preference for dependent students over independent students. In addition, students and families should also be assessed in the same manner regardless of the type of institution they choose to attend.

Recommendations:

With those goals in mind, the NATTS/AICS Joint Committee on Reauthorization has developed the following recommendations for your consideration.

Like many of the other organizations testifying today, NATTS and AICS encourage Congress to give serious consideration to the development of a single system of need analysis. Under such a system, students should be able to submit one set of data that would be assessed for the Stafford Loan programs, and the same information, with some modification, would be used in determining Pell Grant eligibility. A single system would also help to simplify the application process for students and their families, and help them to better understand the process.

Modifications to the application process:

We recommend that the Subcommittee develop a series of application forms designed to assess the financial strength of targeted income groups. Similar to the variety of forms provided by the Internal Revenue Service, a student or family could choose the appropriate form based on their financial situation. The need analysis system would have to be carefully designed to ensure equal treatment of applicants using different forms.

Because the average student's and/or family's financial condition does not change significantly from year to year, we recommend that the reapplication process be simplified for those students continuing on with their education.

For instance, students who are currently dependent on other forms of need-based non-Title IV federal assistance would fill out a form to document their participation in other such programs and would be considered automatically eligible for aid.

Another simplified type of form would be provided to students and/or families with earned incomes of $15,000 and below, who are not eligible for other forms of need-based non-Title IV federal assistance.

Applicants with earned incomes above $15,000 would use a standard need analysis application form.

Certainly, all three (3) application forms could be submitted without charge to the parent or the student.

Modifications in the treatment of Independent Students:

Fifty-four percent of private career school students are independent of their parents' income, compared to thirty-eight percent of all postsecondary education students. While we support the way the current need analysis system defines independent students, we recommend that current law be modified in the following manner:

- o Add "married undergraduates" and "graduate/professional" to the automatic criteria under the independent student definition.

- o Permit students who are once determined to be "independent" by the independent student definition to remain independent without having to demonstrate repeatedly their independence.

- o Use "estimated" year income for entering independent freshmen and entering graduate students. The use of base year earnings for these students artificially inflates the anticipated income of students, and therefore imposes a barrier to postsecondary educational opportunity for some students. Because of the significant cost involved in shifting all students to base year income, we recommend this option only for independent first-time undergraduates and graduates.

- o Mandate the inclusion of day care costs for independent students with dependents in the student aid budget. The inability to pay for day care forces many students to drop out of school because of the demands placed on them to care for dependents.

These changes would simplify the application process and would modify the law to better reflect the financial realities of these special groups of students.

Modifications in the treatment of Dependent Students:

We recommend that several provisions in current law also be changed to more fairly identify the dependent students.

o Eliminate parents from the "number in college" adjustment for the parental contribution, except for those parents who are enrolled in a degree or certificate program.

o Eliminate "double-counting" of dependent student earnings. The counting of a student's earnings as both income and savings results in an artificially high student contribution.

o Reduce the current dependent student contribution to reflect more accurately a student's capacity to contribute to a financial aid package.

Modifications to improve the administration of student aid:

o Restore the ability of a financial aid administrator to use discretion to assist students with special circumstances. Under current law, schools have been allowed the ability to use professional judgment, but this ability has been removed from Pell Grant methodology as part of the appropriations process. Any attempt to simplify the need analysis system must be accompanied by a provision that would provide aid administrators with the ability to meet a student's or family's special needs. Such a provision would permit form simplification as data elements that relate to such conditions as "dislocated workers" could be eliminated.

o Permit over-awards of grant/loan/work-study assistance of up to $500.

o Treat all Veterans benefits as a resource in determining aid eligibility. Under current law, Veterans benefits are treated differently for different categories of the need analysis system.

Conclusion:

On behalf of the millions of students represented by NATTS and AICS, I commend you Chairman Ford and Members of this Subcommittee, for the monumental effort you have already put into the reauthorization process. With the hearing process behind you, this Subcommittee will soon face the difficult task of drafting a bill that will address the concerns that were raised during the many hearings that you held. The Career College Association would welcome the opportunity to help you as you move on to the drafting process.

In closing, I would like to again express my appreciation for the opportunity to be a part of this important process. I will be pleased to answer any questions that you may have regarding our recommendations.

Mr. SAWYER. Thank you very much.

Mr. Packer?

Mr. PACKER. Thank you.

I am Joel Packer, Legislative Specialist with the more than 2-million member National Education Association. NEA represents the largest number of higher education faculty and staff in the Nation, with approximately 80,000 higher education members, and 500 local associations.

As students seeking to complete teacher preparation programs, as professionals seeking continuing education opportunities, as professors devoted to the ideal of equity, as veteran K-12 practitioners determined to see their students continue their studies, and as middle-class parents planning for their children's postsecondary education, NEA members have a unique commitment to the goal of ensuring that equal educational opportunity does not fall victim to unequal economic capability.

Unfortunately, need analysis, the key determinant of how much financial aid a student obtains, is so complex and convoluted, that students and their parents don't understand it. In addition, the complexity of the process results in an application for Federal aid that is 12 pages in length, and composed of 49 questions.

The application process is mind-numbing and a deterrent to low-income people filing for and obtaining financial aid. The NEA believes that proposed revisions in need analysis should be based on a set of basic principles.

First, the system must be simplified so that the application process itself does not become a barrier to postsecondary attendance. Second, one methodology should be adopted to determine Pell Grant eligibility, as well as Stafford and campus-based awards.

Third, revision should not adversely effect award levels of low-income students. Indeed, changes need to be made that the need analysis formulas adequately take into account the needs of low-income, older, part-time students.

Fourth, formula changes should also increase middle income families eligibility for Federal aid. Fifth, loopholes in the law which allow upper income families to evade their responsibility for financing their children's education must be eliminated.

Sixth, financial aid administrators must have discretion to revise expected family contribution in certain documented cases of individuals with special circumstances.

I would now like to highlight some of the specific proposals we have in the need analysis area. There should be one single need analysis system used, as I think every other witness here testified. As you know, the current systems use similar data elements but they produce two different results for each student, the Pell Grant index, and the expected family contribution from the Congressional Methodology.

We believe one formula, especially if simplified, based on our recommendations, will increase understanding of student aid eligibility not only by students and parents but, of equal importance, by high school counselors and college financial aid officers.

Very low income families should be eligible for an application bypass system, again, as several witnesses have already testified this morning. NEA urges that, for designated groups of students,

the family contribution should automatically set a zero. Dependent students whose parents are currently receiving assistance through AFDC, or independent students who directly receive such benefits, would be one such group.

In addition, dependent students whose families are not required to file a tax return and those families who qualify for the earned income tax credit should also be eligible for such a bypass.

We also believe that students who reapply for aid should also have a simplified process. Under current law, every student in need of aid must reapply every school year and complete the entire aid application, resupply income and asset information, even though for most families the financial situation doesn't change much from year to year.

Such students should be able to simply recertify their previous financial data and not have to resubmit the entire range of income and asset information.

We also believe that the definition of independent students must be revised and simplified. In order to make the current determination of dependence status, the current form requires 16 different questions just related to this one issue.

We recommend in this area that all married students and all graduate students should be considered automatically independent. We also suggest that the subcommittee should consider eliminating the entire conditional category of determining independence, since only about 8.7 percent of independent students qualify under this aspect.

Instead, financial aid officers should be given the discretion to classify as independent those truly self-supporting, single, under age 24 undergraduate students. These changes alone would eliminate at least 10 questions on the aid application.

We also recommend the inclusion of home equity be eliminated for moderate income families. Too many working-class families have had the value of their homes soar in the past decade due to the jump in housing prices that occurred in certain parts of the country. NEA therefore recommends the exclusion of home or farm equity for families with adjusted gross incomes of $40,000 or less.

A few other recommendations we have include that the special offset for private elementary secondary school tuition should be repealed. NEA believes that the cost of private school tuition is a totally discretionary family expense that should not be granted special treatment as an offset against family income.

We also believe that the need analysis formula and the cost-of-attendance limits in the Pell Grant program must be responsive to the child care costs of working parents enrolled in postsecondary education.

Another recommendation we urge you to look at is that financial aid administrators should be given additional discretion to use expected year income in certain cases. The current formulas right now require that financial need be determined based on the students base-year income. Particularly for adult students, base-year income may represent an inaccurate and unfair measurement of ability to pay.

Our recommendation is that aid administrators be given the authority to adjust family contribution if award year income is 10 percent or more below the level of the base-year income.

We also recommend closing the loophole that allows reduction in family contribution by one parent taking one nondegree class. We also believe that the double counting of dependent students' income should be eliminated since, for dependent students, their income is assessed both as income and also as an asset, requiring them to contribute more than 100 percent of their income in certain cases.

We also believe there should be a more realistic assessment of the rate at which dependent student's income is assessed. Another recommendation that we have is that receiving student financial aid should not result in the individual's reduction in eligibility for other Federal aid programs.

Under current law, only the portion of aid that is directly attributable to tuition and books is not counted as income when determining someone's eligibility for AFDC or food stamps. We strongly urge that the statute should be amended to make clear that any Federal aid used toward any allowable portion of the dependent's cost not be considered income for other Federal assistance programs.

Lastly, as again most people I believe have said, we strongly urge that students should not have to pay money to have their financial need determined. At a minimum, those students eligible for our proposed application bypass should not have to pay to prove that they are poor.

In conclusion, Mr. Chairman, NEA believes that our recommendations, if enacted, will simplify the system, increase access for low-income students, ensure that adult students with dependents are treated equitably, assist working class families, and close loopholes that allow upper-income families to evade their responsibility toward financing their children's education.

I thank you for the opportunity to share our views with you and would be happy to answer any questions.

[The prepared statement of Joel Packer follows:]

LEGISLATIVE INFORMATION

TESTIMONY
OF THE
NATIONAL EDUCATION ASSOCIATION

ON

FINANCIAL AID NEEDS ANALYSIS

BEFORE THE
SUBCOMMITTEE ON POSTSECONDARY EDUCATION
OF THE
COMMITTEE ON EDUCATION AND LABOR

U.S. HOUSE OF REPRESENTATIVES

PRESENTED BY
JOEL PACKER
LEGISLATIVE SPECIALIST

JULY 31, 1991

Mr. Chairman and Members of the Subcommittee:
I am Joel Packer, Legislative Specialist with the National Education Association. NEA represents the largest number of higher education faculty and staff in the nation, with approximately 80,000 higher education members in 500 higher education local associations.

As students seeking to complete teacher preparation programs, as professionals seeking continuing education opportunities, as professors devoted to the ideal of equity, as veteran K-12 practitioners determined to see their students continue their studies, and as middle-class parents planning for their own children's postsecondary education, NEA members have a unique commitment to the goal of ensuring that equal educational opportunity does not fall victim to unequal economic capability.

The subject of today's hearing, financial aid needs analysis, may strike many as a technical issue with discussion focused on such esoteric issues as asset conversion rates and the computation of the Standard Maintenance Allowance. However, NEA believes today's hearing may well be on the most important aspect of the Higher Education Act reauthorization -- namely, who is eligible for federal student assistance.

As the Members of this Subcommittee are well aware, the amount of student aid an individual qualifies for, whether in the form of Pell grants, Stafford loans, or campus-based aid, is based on his or her financial need. Financial need is the difference between the student's

cost of attendance and his or her expected family contribution (or EFC). This amount, which represents how much the student and his or her family should pay toward the student's education, is computed through the needs analysis formulas established by the Higher Education Act.

Unfortunately, this key determinant of how much financial aid a student obtains is so complex and convoluted that students and their parents don't understand it. In addition, the complexity of the process results in an application for federal aid that is 12 pages in length, composed of 49 questions, many with multiple subparts, and two additional worksheets that require 20 additional answers about the family's financial condition. And all of this is only for the Application for Federal Student Aid, the so-called "core" federal form, that students do not have to pay to have processed. Most state and private aid programs require additional forms and data elements for which applicants are charged a processing fee.

Not only is the application mind-numbing and a deterrent to low-income people filing for and obtaining financial aid, but the data are analyzed in two different needs analysis methods -- the Pell grant formula and the Congressional Methodology (CM) -- used for determining expected family contribution for Stafford Loans and campus-based programs.

Therefore, in order to simplify and streamline the student aid application process, the needs analysis formulas themselves must be simplified and streamlined.

NEA believes that proposed revisions in needs analysis should be based on a set of basic principles.

0 The system must be simplified so the application process itself does not become a barrier to postsecondary attendance.

0 One methodology should be adopted to determine Pell grant eligibility as well as Stafford and campus-based awards.

0 Revisions should not adversely affect award levels for low-income students. Indeed, changes need to be made to ensure that the needs analysis formulas adequately take into account the needs of low-income, older, part-time students.

0 Formula changes should also increase middle-income families' eligibility for federal aid.

0 Loopholes in the law which allow upper-income families to evade their responsibility for financing their children's education must be eliminated.

0 Financial aid administrators must have discretion to revise EFC in certain documented cases of individuals with special circumstances.

I would now like to highlight several specific NEA proposals for needs analysis. Some of our recommendations concern specific data elements used in the statutory formulas, while others focus on the application process itself.

0 <u>There should be one single needs analysis system used</u>. While the two current systems use the same data elements, the different formulas produce two different results for each student -- the Pell Grant Index and the Congressional Methodology's Family Contribution. However, average differences between the two calculations for students in each income range are largely the result of the CM's requirement for a minimum student contribution of $700-900, while the Pell Grant formula doesn't assume such a contribution. We strongly urge the Subcommittee to establish a single federal needs analysis formula. One formula, especially if simplified based on our recommendations, will increase understanding of student aid eligibility, not only by students and parents, but of equal importance by high school counselors and college financial aid officers.

0 <u>Very low-income families should be eligible for an "application bypass" system</u>. Even with a simplified single needs analysis system, many students will continue to be confronted with a complicated application that asks about financial data, especially

pertaining to assets, that is irrelevant to their situation. NEA joins with a wide array of organizations including the National Association of Student Financial Aid Administrators, the College Board, the United States Student Association, the Advisory Committee on Student Financial Assistance, and the National Council of Educational Opportunity Associations in urging that for designated groups of students the family contribution be automatically set at zero.

Dependent students whose parents are currently receiving assistance through AFDC or independent students who directly receive such benefits would be one such group. In addition, dependent students whose families are not required to file a tax return and those whose families file either a 1040A or 1040EZ tax return with incomes that qualify for the Earned Income Tax Credit should also be eligible for such a bypass.

Almost all these students' families are not now required to contribute toward the cost of education. Indeed, the College Board found that, of a sample of 5000 dependent student applicants, about 13 percent would qualify for this bypass. Over 82 percent of these families currently have a zero expected family contribution under the CM.

Thus, this proposal would have little impact on financial aid costs or distribution, but instead would recognize that students receiving welfare benefits or those eligible for the EITC have already

demonstrated to the federal government that they are poor and should not be required to navigate the maze of financial aid needs analysis to prove again that they are needy. They should be required only to provide demographic data and certification of their financial status.

0 Students reapplying for aid should also have a simplified process. Under current law every student in need of aid must reapply every school year and complete the entire aid application, resupplying income and asset information, even though for most families the financial situation doesn't change much from year to year. Such students should be able to simply recertify their previous financial data and not have to resubmit the entire range of income and asset data.

Just this March, the Advisory Committee on Student Financial Assistance stated:

> "Reapplication for continuing students represents perhaps the most significant redundancy in the current system. For example, Department of Education data show that over 50 percent of the students eligible for Pell Grants in 1988-89 reapplied in 1989-90, with calculated contributions changing minimally for students across income ranges. Most low-income students, AFDC recipients, non-federal tax filers, and filers of simple federal tax returns experienced virtually no change. Streamlining reapplication -- that is, permitting continuing

students to update existing data -- would have a powerful effect on simplifying the delivery system for all students, especially for low-income populations."

0 The definition of independent students must be revised and simplified. Current law sets both automatic criteria such as over 24 years of age, being a veteran, an orphan, or having legal dependents, and conditional criteria such as under age 24 and not claimed as a federal tax exemption by the student's parents for two years and the student having $4000 in resources for determining dependency status.

In order to make this one determination, 16 different questions are required on the application form! Indeed, the 1991-1992 application has questions that require some students to answer whether they had $4000 of resources as far back as 1985.

Not only is this issue far too complex, a significant loophole exists for undergraduate students under age 24. Students must not have been claimed as an income tax exemption for the two years preceding the year they request aid and have resources of $4000 or more for those years, not including parental support. Unfortunately, since the required $4000 in resources does not explicitly exclude federal student aid, a third-year undergraduate who got over $4000 in federal aid for his or her first two years may become independent simply by virtue of having received such aid, and thereby qualify for increased aid amounts.

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NEA recommends therefore that all married students and graduate students be considered automatically independent. According to College Scholarship Service data, less than 1000 students out of 2.6 million applicants were married and dependent, and less than one percent of all applicants were graduate students who were deemed dependent. In addition, the statute should explicitly state that the $4000 in resources cannot include student aid. Indeed, the Subcommittee should consider eliminating this entire conditional category of determining independence, since only 8.7 percent of independent students qualify under this aspect. Instead, financial aid officers should be given discretion to classify as independent truly self-supporting, single, under age 24 undergraduate students.

These changes alone could eliminate at least ten questions on the aid application.

0 Inclusion of home equity should be eliminated for moderate-income families. Both the Pell Grant and CM formulas require a family contribution based on assets, including the family's home or farm equity. Too many working- class families have had the value of their homes soar in the past decade due to the jump in housing prices that occurred in certain parts of the country. Even though these families may have equity available that could be borrowed to contribute to a child's college education, many may not be able to afford large home equity or second mortgage payments, and indeed

may not even qualify for such a loan. NEA therefore recommends the exclusion of home or farm equity for families with adjusted gross (AGI) income of $40,000 or less. Wealthier families would still be expected to tap into such equity to help finance their children's education.

Others such as NASFAA and the College Board have suggested an alternative approach -- to cap the amount of home equity at three times the family income. An analysis prepared by the College Board found that such an approach would reduce expected parental contributions for all families, with families from most incomes showing an average reduction in parental contribution of about $130-300. By contrast, NEA's proposal would concentrate the benefits to only families below $40,000 AGI. As an example, families with income between $25,000 and $30,000 would see an average parental contribution reduction of $652 under NEA's proposal, but only $297 under the College Board proposal.

0 The special offset for private elementary/secondary school tuition should be repealed. NEA believes that the cost of private school tuition is a totally discretionary family expense that should not be granted special treatment as an offset against family income. Only about 11 percent of financial aid applicants incurred such costs. Not only is this offset unnecessary, but it is a backdoor subsidy of private elementary/secondary school tuition by the federal government, since this offset results in increased financial aid

eligibility for families claiming it. Deleting this offset would also eliminate a two-part question from the form.

0 Needs analysis formulas and cost-of-attendance limits must be responsive to the chid care costs of working parents enrolled in postsecondary education. The current Pell grant formula bases a student's award not just on the expected family contribution, but also on an artificial statutory cost of attendance. Among factors that can be included in cost of attendance are an allowance for child care costs "which shall not exceed $1000." NEA strongly believes this is an unrealistically low figure that does not reflect at all the actual costs for child care services. We recommend that up to $3000 per dependent receiving child care services be allowed. A 1989 survey of child care costs in the United States found that the average cost for full-time care was $3500 a year.

Similarly, the CM uses a Standard Maintenance Allowance (SMA) that does not adequately reflect costs for food and shelter for dependent children of low-income independent students. As a result such students may have their aid substantially reduced. NEA recommends therefore that financial aid administrators be given explicit authority to include, as part of the cost of attendance, costs for food and shelter for dependent care for independent students whose incomes are below the SMA.

0 Grant financial aid administrators discretion to use expected year income in certain cases. Family contributions are based on an

analysis of "base year" income, that is, the income in the calendar year preceding the year in which aid will be awarded. However, particularly for adult students, base year income may represent an inaccurate and unfair measurement of ability to pay. According to a 1990 CSS report, estimated school year income for independent students was 26 percent below the reported base-year income. There are many examples, such as students starting college because they became unemployed, changing from full-time to part-time work status in order to attend school, or being newly widowed, where school year income will be substantially below base year income. NEA therefore recommends that financial aid administrators be given the authority to adjust EFC if award year income is ten percent or more below the level of the base year income.

0 Close the loophole that allows reduction in family contribution by one parent taking one non-degree class. Both the Pell formula and the CM lower the EFC to take into account the number of family members enrolled in college. Unfortunately, due to the wording of the current law, a parent of a dependent student can sign up for one low-cost non-credit class and be fully counted as enrolled in college, thereby reducing the family's contribution to the child's education. NEA recommends that only those parents enrolled in a certificate or degree program be counted in determining family contribution.

0 Eliminate the double counting of dependent students' income and establish a more realistic assessment. Both needs analysis formulas essentially double-count a dependent student's earnings.

Dependent student wages are assessed, as income and, if any money is saved whether as cash or in a checking or savings account, assessed again as an asset. NEA recommends that only the amount of cash that a dependent student has which exceeds his or her expected contribution from income be assessed as an asset. This revision will remove a disincentive for students to save money toward college costs. In addition, the CM "taxes" student earnings at a 70 percent rate. While we agree with the concept that dependent students should contribute a significant portion of their income toward their own education, the 70 percent rate may be a disincentive for students to work during the base year, and should be reduced to 50 percent.

0 Receipt of federal student aid should not result in a reduction in other federal benefits. Section 479B exempts only that portion of student aid used for tuition, books, supplies, and miscellaneous expenses from being counted as income in determining eligibility for other federal assistance programs such as food stamps. NEA strongly urges that this section be amended to make clear that any federal aid used toward any allowable portion of attendance costs not be considered income for other federal assistance programs.

A 1988 study, "Higher Education and Lower Expectations: The Dilemma Of Funding College for AFDC Recipients" states:

> "If a student receives financial aid sufficient to cover the cost of living as determined by the financial aid office, the 'excess' cost

over the ADFC allowance may be viewed as 'income' in AFDC calculations, thus reducing the AFDC grant and perhaps eliminating eligibility for both AFDC and Medicaid."

Another example comes from a Delaware student quoted in a recent report, Campus Roadblock: How Federal Policies Make It Difficult for Adults to Go to College. This student states:

"When I started at the community college, I lost $50 in welfare benefits. The only explanation they gave me was that I was overpaid because I was getting money to go to school.... I also lost $50 a month in food stamps. The rationale was that my children and I didn't eat three square meals a day because we were in school and so we didn't need as many food stamps. My kids and I go hungry at the end of the month because I have to pay rent...."

0 Students should not have to pay money to have their financial need determined. While a free form, the AFSA, does exist, as stated earlier most students, in order to ascertain eligibility for state and institutional aid programs, must pay, sometimes almost $100, to have their application processed and the results sent to schools the student has applied to.

NEA urges that at a minimum, those students eligible for the proposed application bypass not have to pay to prove they are poor.

In conclusion, Mr. Chairman, NEA believes that our recommendations, if enacted, will simplify the system, increase access for low-income students, ensure that adult students with dependents are treated equitably, assist working class families, and close loopholes that allow upper income families to evade their responsibility toward financing their children's education.

We look forward to working with this Subcommittee on producing a reauthorization bill that works to achieve the goal that all qualified students should be given the opportunity to obtain a postsecondary education regardless of their financial circumstances. We are hopeful that these recommendations, in conjunction with the many additional proposals for student assistance, teacher education, and institutional assistance that NEA has submitted to the Subcommittee, will be given serious consideration when you prepare the bill that will be voted on this fall.

Thank you.

Chairman FORD. Mr. Farrell, you're always first. Since we are drawing to a close with these hearings, I would like to send back with you today a little memo that the staff has given me indicating that we are still running behind in our pen pal relationship with your Department over there. Specifically, we are down to three, so you're doing well over there.

We have not received a response to our letter of May 20 to Secretary Alexander requesting annotation of the application for Federal student aid to indicate the statutory basis for each question and asking what has prevented more rapid and complete implementation of the simplified Federal need analysis for low income students. We really ought to have that before we start marking up a bill when we come back in September.

Second is a letter, I'll give you this together with copies of the letters before you leave. Second is a letter of May 31 to Secretary Alexander requesting a report on how each of the loan default amendments adopted since 1980 has been implemented, and requesting a report card on the results or the impact of implementing each of these amendments.

We have pending before us many proposals for additional so-called tightening amendments to the loan program. We want to know how much damage, if any, we've done, and if the changes that we've already made in the law are, in fact, being implemented and making any difference.

Then the letter of June 26 to Secretary Alexander requesting information on the effects of a 50 percent institutional match in all of the campus-based programs. That's a proposal in the administration's higher education recommendations, and an analysis of how the Department was led to this proposal. In short, what's the background of the concept of the 50 percent match for the campus-based programs?

We'll give you the memo as well as the letters to which it refers and would ask that you try to do what you can over there to get the answers back to us before the end of August. That way, when we come back in September to undertake the digestion of all this work, we will know what we are doing when we start putting together a piece of legislation. We may not know where we're going but we should at least know more than we know now.

I want to thank you very much and say for the people here that Mr. Farrell has probably been subjected to more of these kind of requests as a representative of the administration than anybody. Once again I want to say that it has nothing to do with any feeling here of any animosity or anxiety toward Mr. Farrell or toward the Department for that matter.

In fact, even though we are still complaining that performance is not up to what we expect, it's better than we have been accustomed to for a decade. We appreciate the fact that every time we have made a request of Mr. Farrell, something has happened. They are being responsive over there in a way that they weren't for many years. We hope that these lines of communication will stay open during September as we really put this whole package together so that the administration can maximize its impact on the final product.

Tajel, I'd like to paraphrase what you said—you couldn't go to a better school that you wanted to go to because of economics, so you had to go to Rutgers.

[Laughter.]

Chairman FORD. What year are you in at Rutgers?

Ms. SHAH. I'm a senior.

Chairman FORD. You're a senior, well you won't have to explain it for very long then. Have you got all your grades lined up?

Ms. SHAH. Yes, I do. Actually, I have one more thing to say. They had given us an assignment last time we testified, for a college term paper, if you remember. It will be in before the end of the quarter for your grade, you promise?

Chairman FORD. Hold the term paper. I see Selina back there. The term paper is still being expected, she promises me almost every time I see her that it will be ready. We do appreciate the fact that the student association has provided witnesses at every hearing here and every field hearing across the country. You may be setting a new record for student input into the record of the committee to be considered in its deliberations.

That's why we want the term papers, so that the students can understand why that suggestion was a little bit to the left of the foul line, and that we can't do it quite that way.

Tom tells me we've had 56 students testify. That makes you the most heard-from group of all the people in higher education. You should be very proud of the effort you have put into it.

Ms. SHAH. Thank you.

Chairman FORD. I have no specific questions for the members of the panel, having already done my best to embarrass Joel Packer, I won't pick on him. Mr. Coleman?

Mr. COLEMAN. Thank you, Mr. Chairman. One of the things that a lot of people feel is unfair in current need analysis is that those who have scrimped and saved to provide for college tuition payments—those families are discriminated against because they have an asset which shows up on the need analysis form.

Those that didn't save are rewarded under the need analysis because they have nothing to show up as an asset. Do you think this is an unfairness, and how would you correct it if you think it is? Respond very briefly please go down the line; I know some of you have this in your proposals. Are there any volunteers?

Ms. THOMAS-PARROTT. It's in our proposal, I'll volunteer.

Mr. COLEMAN. It's in your proposal; you might comment on that.

Ms. THOMAS-PARROTT. Okay.

Mr. COLEMAN. How would you carve out a certain amount or percent? Tell us a little bit more about it.

Ms. THOMAS-PARROTT. Okay. I think there is a perceived disincentive to save. In fact, families believe that if they do, they are going to somehow be less eligible for aid than if they went and spent up all the resources they had for college. However, a couple of things before I talk about what we propose.

Assets, even in the current system, are taxed at a much lower rate than income, so the effect on a family for saving for college is not nearly as disastrous as is perceived. However, I think that because there is no savings protection in the need analysis, families perceive this as a disincentive. What we are suggesting and what

we are looking at and what we are working some models on is a saving protection that would be equal to or equivalent to the family's PC, so that that would be an asset protection added onto other asset protections.

Mr. COLEMAN. Have you run any figures yet?

Ms. THOMAS-PARROTT. We haven't done any yet.

Mr. COLEMAN. Would you be able to do that before we start, as the Chairman said, getting down to the real nitty-gritty?

Ms. THOMAS-PARROTT. Yes, we will. Yes, we are working on that.

Mr. COLEMAN. That would be very helpful. Maybe you could run through a couple of scenarios. This is something, I think—as you indicated, a perception. I think it's more widespread than a perception because I think it has a real impact on people.

Even the perception, assuring it is there, sends the wrong message.

Ms. THOMAS-PARROTT. Yes.

Mr. COLEMAN. And that's something we have to address. Any volunteers? Yes, we'll just start down here with Taj.

Ms. SHAH. The saving also hinders students as well because if a student works and saves money and a portion of their earnings, their earnings are assessed once in the base-year income calculation and again as part of the asset calculation. This double counting discourages students from saving and should be eliminated altogether.

Mr. COLEMAN. Mr. Koplik?

Mr. KOPLIK. Speaking on behalf of the Advisory Committee, we have recommended to extend eligibility under simplified need analysis for parents of dependent students, and for independent students to at least $20,000 adjusted gross income. We would even urge you to consider extending that income cap to a level as high as $30,000. We do that based upon our analysis, and we have examined data supplied to us through the IRS, showing that most 1040A and 1040EZ filers earn less than $500 for investments for incomes as high as $30,000.

We are suggesting that the amount of income from investment may be subject to a popular perception of a greater number than it actually is. We would urge your examination of extending income eligibility, or eligibility caps, for a number higher than the present levels.

Mr. COLEMAN. Ms. Hicks?

Ms. HICKS. You heard all of us this morning talk about the fact that there should be a single need analysis. As NASFAA worked on developing its proposal, we worked with Congressional Methodology as a basis for the single methodology and looked at some of the existing problems in that methodology.

As was mentioned by our student representative, there is a problem in particular for the dependent student where the income is double counted, both as base-year income and as assets. I believe Mr. Packer also mentioned that problem.

The way that we have proposed solving that problem in the NASFAA proposal is to take a standard income contribution from the dependent student in lieu of a contribution from either their base-year or their estimated-year income.

We have looked at research that has indicated that neither base-year nor estimated-year income are good indicators of the dependent student's ability to contribute to their education in the current year: base year, because they may not have that same job; estimated year, because they don't always estimate correctly where they will be working, what their pay rate is, the number of hours they can devote to work instead of study.

We've gone back to something that was in our methodology years before. That is an expectation of a contribution really from summer employment. We think that this particular approach will address that problem for the dependent students.

Mr. COLEMAN. Anybody else? Briefly, please.

Ms. NEELY-EACONA. The NATTS/IACS package did not address this issue. I am personally concerned about the perception that parents think that if they save any money, that it is automatically going to be counted against them. Also, the way that the dependent student savings are treated in the calculation as well as their earnings.

Mr. COLEMAN. Thank you. Mr. Farrell?

Mr. FARRELL. I would just like to comment that if you look at our proposals, the main thrust of them are aiming at simplification and to help lower incomes. One way we did that was through eliminating home equity as a consideration for incomes under $20,000.

If I look at a lot of the other recommendations that have been made here today, a lot of them are similar to ours or are identical, but I think that a lot of really fine ideas have developed out of this whole process. What I would hope and would certainly offer from the standpoint of the Department, is that we will have our staff available to work with your staff during the August period.

I think certainly, after I got through filling out the financial need analysis form and the other things last night, I think, working together, we can make some additional progress on simplification and perhaps also on reducing impact on lower income families.

Mr. COLEMAN. Mr. Farrell, while you are here—you mentioned in your testimony that 60 percent of students receiving Pell Grants are independent students——

Mr. FARRELL. Right, under the present definition.

Mr. COLEMAN. [continuing] and Ms. Thomas-Parrott indicated that it was even higher than that. Either way, it's a high figure. I found it to be somewhat surprising, and after I thought about it, it's really not surprising, considering that we have a new type of student who is on campus and applying for these programs. It really shouldn't be a surprise to us.

I would just proffer this as kind of a philosophical statement: that is, under your proposal you want to tighten that down somewhat by raising the age and creating new limitations on the independent student. Let me just say that it seems to me that one of the questions we are getting to now is: At what point in time is the responsibility for a college education, which is an extremely expensive—or higher education, not necessarily college, but higher education—an extremely costly venture, moved from parents to students? To the extent that students are eligible for programs as opposed to families?

One of the ways to do this is to be able to continue an independent status of a student, so that they may take these responsibilities upon themselves, as their parents did. Now parents are faced with extremely high costs in this whole proposition.

I think my major concern is if you tighten it down more, you are basically saying "Parents, this is your responsibility," whereas there are many parents in this country who can't afford this and look at it as a responsibility for the student, and think they ought to take an active role in the process.

The question of home equity, about which we have made the record clear throughout this hearing process, is one for which change is universally supported. It ranges from eliminating home equity—and that's not just in homes, but perhaps in farms, some business fixtures, and inventories of small business—to some limitation of $20,000, I think, probably in that range.

Ms. Thomas-Parrott, your explanation is the most detailed I have seen in writing. On page 12, you walk us through an annual income of $30,000. Because of banking customs, a $30,000 income can traditionally qualify for a $90,000 purchase price, or mortgage.

You then take that example and say, though that $30,000 income purchased a $90,000 home 10 years ago, that home may now be worth $250,000; way out of the reach of these people. Therefore, your organization is proposing to cap the home equity feature of the need analysis at the $90,000, or three times the income, with the remaining part, under your example, $160,000—that's $90,000 plus $160,000 equals the $250,000 value of the home today, becoming exempt. Am I correct in my understanding of your proposal?

Ms. THOMAS-PARROTT. Yes, you are.

Mr. COLEMAN. Not that you would discount the $90,000—the reverse of the proposal, which some may have misunderstood.

Ms. THOMAS-PARROTT. Assessing the $160,000, no.

Mr. COLEMAN. Just the opposite.

Ms. Hicks, you have also related some of this in your testimony. Is your understanding the same as this example?

Ms. HICKS. Yes, it is. We adopted the proposal of the College Scholarship Service in our plan for reform, after looking at it and doing some research at a number of institutions across the Nation. There are different ways of handling home equity. You can cap the home value; you can cap the home equity. The particular proposal that we are in agreement on, CSS and NASFAA, will benefit families who have bought homes years ago that they clearly could not buy today.

It won't benefit people who have upgraded to higher homes because they have been able to get mortgages for those higher values.

Mr. COLEMAN. Right. We have a second bell on. Let me just ask Mr. Koplik to clarify this statement on page 3. "They" would significantly redistribute funds from 2 and 4 year public institutions to private institutions. I assume you are talking to the people to your left there?

Mr. KOPLIK. Yes, sir.

Mr. COLEMAN. Would you explain how this happens?

Mr. KOPLIK. Very briefly, and we will be glad to provide you with a better explanation in writing. Distribution would come as a result of specific proposals that affect the number of students par-

ticipating and the cost of education at particular institutions. If distributions are made on the cost of the education as suggested, the distribution would fall in favor of independent colleges.

I'll provide you with a better explanation.

Mr. COLEMAN. Okay. Any response? Briefly.

Ms. HICKS. Yes, briefly. The reason that the plan for reform is out there on the street now is for people to do studies on it. We have not had a chance, NASFAA, to review all of the studies that have been done. One of the things that we are concerned about is that there is a misunderstanding of what is happening under the plan for reform, because some of these studies have taken our proposals and mixed them with other proposals.

What we are seeing is the impact of several proposals. We need to go back and disaggregate the impact. It was clearly not our intention under the plan for reform to have any redistributional effects of that magnitude. As I mentioned in my testimony, we are working with the American Council of Education to try to understand those kinds of simulation studies that have been done.

Mr. COLEMAN. Thank you.

Chairman FORD. Thank you. We had several members who patiently waited through all of your testimony and have been called, as we are now, to vote. I would ask the panel if you could wait for just a few minutes and give the other members of the panel an opportunity to ask their questions. Thank you.

[Recess.]

Mr. ANDREWS. [presiding] Ladies and gentlemen, we are going to reconvene the hearing. If we could ask everyone to take their seats, and if the panelists would indulge us by returning to the front lines. Thank you.

Thank you very much. For those of you who may be unfamiliar with our procedures here, as I am still, frankly, what occurred a few minutes ago—some of you may think that's obvious, huh?

[Laughter.]

What occurred a few minutes ago was a journal vote on the House floor. Many of the members are going to stay on the House floor for some other business; some others may be joining us. Chairman Ford apologizes for his absence. He was asked to attend another very important meeting that is taking place right now.

We will resume the hearing, and if any of my colleagues join me, we will consider letting them ask a question.

First I want to thank each of the panelists for providing us with an incisive overview of the needs assessment questions. I find it reassuring that the consensus that emerged from the panel in favor of simplification, in favor of some bypass methods, seems to be reflecting consensus on this panel, on the subcommittee.

Mr. Farrell, in particular, I know the committee thanks you for the Department's willingness to work with us in fulfilling that consensus. I wanted to revisit the issue of home equity that Mr. Coleman asked some questions on before we broke.

It strikes me that, in the midst of what is a very technical discussion, there is a philosophical issue that emerges from the home equity discussion. I suppose it's this: If we start from the proposition that financial aid officers or financial aid systems ask the question "How much can you afford to pay for your own educa-

tion?" How does that compare to the cost of the education? Should we fill the gap, and if so, how should we fill the gap? In effect, that is the financial aid picture right there.

In getting to the question "How much can you afford to pay for your education?," one of the sub-questions there is, given the amount of assets that you own or your family owns, how many of those assets and what quantity of those assets should be converted, liquidated into cash, so they can be made available for financing your education?

As Mr. Coleman said a few minutes ago, there is broad interest within the subcommittee about doing something about the home equity situation as it today exists. Today, we have in effect heard two proposals. If anyone feels that we've heard more than two, please articulate that.

I would think that they come from one or two philosophical positions. The first is that people who can afford to liquidate some of their assets should do so in order to pay for their education. Those proposals tend to say "If your income is greater than a fixed level, then you have an obligation to convert your assets into cash and spend them on your education."

The other proposal, which is the capping of the home equity based on income, has an element of that, but I think it has another important element as well. It seems to suggest to me that a certain portion of your assets are going to be exempted from the obligations to pay for a higher education. That portion, under each of the two proposals we heard this morning, was that portion which is less than three times your income would be exempted from the obligation to pay for a higher education.

I think the reason for that is that most Americans, if we went up to them and said "What do you intend to do with the equity in your home?," since that is typically the asset we are talking about, what most Americans would say is "I intend to use that for my retirement."

The typical family plan is to buy a home, build equity in the home, and then in some way convert or use that equity after the man and woman stop working, retire. As I say, that really brings us to a philosophical question, a policy question, within the statute, within the reauthorization, which is: Should people be required to tap their equity if they can afford to, defined by some level of income, or should they be required to tap their equity if that equity exceeds a certain minimum amount? Or floor, I guess, is the term that we would use.

Now, the administration proposal, Mr. Farrell—and please feel free to recharacterize it if you feel that I have done so inaccurately—would subscribe to the first philosophical position, which is that people who have incomes in excess of $20,000 adjusted gross income per year should be required to tap into that equity, in part, to help finance their education; is that correct?

Mr. FARRELL. It's in part correct. I think that when you come up with any of these changes and establish formulas, that you start out with certain major goals such as the ones that I described: simplification and also trying to help those with lower incomes. Based upon the input that the staffs have that are working on this, you

may end up with putting more of your emphasis in one area than another.

That's what I'm talking about over this August period when the staffs get together, the staffs here and our staffs, get together to review this whole question of how the formulas are structured, there will be an opportunity to reflect our views and yours. Perhaps what will come out of that will be something somewhat different than what we've proposed.

Mr. ANDREWS. I appreciate that. I know the committee is looking forward to that effort, but it is correct, isn't it, that the administration's proposal is that—if I can read the bottom of page 3 of your testimony—"Since families with low incomes generally cannot tap their home equity, we propose to exclude the net value of the principle place of residence from the calculation of net worth for cash-poor families whose adjusted gross incomes are less than $20,000.

Mr. FARRELL. Correct.

Mr. ANDREWS. So, to put that in lay person's terms, if I am a bus driver, and my wife works as a cafeteria aid, and our income is $29,500 a year, and we have home equity of $30,000 in our home, the formula will still require us—all other things being equal, the formula would still require us to tap into our home equity.

Mr. FARRELL. The formula excludes a significant portion of net worth in equity as a consideration in arriving at the amount of the grant or loan eligibility.

Mr. ANDREWS. What is that portion? What is the basis of it?

Mr. FARRELL. I believe the net amount is somewhere around $40,000.

Mr. ANDREWS. In equity or income?

Mr. FARRELL. Net equity.

Mr. ANDREWS. So, your understanding is that the present formula would exclude net equity of $40,000 per family?

Mr. FARRELL. Right.

Mr. ANDREWS. Let me ask you to just articulate, if you would, why the administration has chosen the $20,000 income cut off, and what the basis of the proposal is?

Mr. FARRELL. I think it was as I described. The information that our staff worked with as to the profiles with various levels of income and the asset bases that they typically would have at various levels, that indicated that a responsible point at which to establish home equity to not be considered was at an adjusted gross income of under $20,000.

So, based upon the data that they had access to as to the typical profiles of families with income and assets at varying levels, again with the goal toward putting as much of the resource toward those with the lowest economic base possible.

Mr. ANDREWS. So the research would have indicated that people who make less than $20,000 a year would have virtually no disposable income left over to service the debt from the conversion of their home equity to cash; is that right?

Mr. FARRELL. That people with incomes less than $20,000, it was unlikely that home equity would be a consideration in their total financial picture.

Mr. ANDREWS. Do you know how much it would cost—and by cost I mean in terms of increased funding of the aid programs—if that ceiling were not $20,000 but, say, $50,000?

Mr. FARRELL. No, I do not, but I'm sure that we have that information.

Mr. ANDREWS. I'd like to see that.

Mr. FARRELL. I'd be glad to provide it.

Mr. PACKER. Mr. Andrews?

Mr. ANDREWS. Yes?

Mr. PACKER. If I could say one thing. The NEA proposal would exclude home equity for families below $40,000 adjusted gross income. The reason that we picked that figure is that was our estimation of what approximation of median family income will be in 1992–93 year. Our feeling was families below median income in the bottom half should not have to tap into home equity, and those above would have a greater ability to get a home equity loan to be able to afford those kinds of payments.

Mr. ANDREWS. So, I guess the argument that your proposal rests on is that people in the bottom half of the income distribution cannot or should not be required to liquidate home equity and service that debt.

Mr. PACKER. Correct.

Mr. ANDREWS. I guess—and I'll turn to Ms. Thomas-Parrott—my concern with the administration's proposal is that in my district of southern New Jersey, families with an adjusted gross income of less than $20,000 a year are not worried about how to send their children to college. They are worried about avoiding homelessness. They are worried about having money to take the bus to work, if they have a job.

I don't know many people in the Northeast who have a family income of less than $20,000 a year who own a home. It strikes me that if we are trying to get to the issue of how much of one's equity one should be required to contribute and liquidate, that this is a standard that probably misses—and this is a guess not an assertion—but it probably misses 98 or 99 percent of the families that we are here talking about today.

Ms. Thomas-Parrott?

Ms. THOMAS-PARROTT. A couple of things. First, the application bypass that CSS is proposing would include the working poor as well as the nonworking poor. So, in fact, dependent student filers whose parents earned less than the IRS earned income credit would be excluded from any information other than demographic information.

Mr. ANDREWS. Automatically?

Ms. THOMAS-PARROTT. Automatically. Therefore, that group would be excluded from home equity should there be a home that they owned in that. But our concern with the proposal that either has a cutoff or that totally eliminates home equity, really centers on four things.

One is that we believe, or it is true that homeowners compared to renters are already protected from rising housing costs. That really is the issue behind the asset from a home. It is not the expectation that anyone will have to liquidate their housing asset to pay for college; it is that their costs are fixed——

Mr. ANDREWS. With the exception of property taxes and utilities, I think that's true.

Ms. THOMAS-PARROTT. Yes, in fact, the protections that are currently in need analysis mitigate some of that. The other thing—and you pointed this out—is that homeowners are generally wealthier than renters. The last data that we've seen in 1987, homeowners' average household income is over $31,000. The average income for renters is about $17,000.

Homeowners are more likely to be white than black, and so we believe that there would be some redistribution of aid from black families who are renters to white families who are homeowners in this. Ninety-two percent of all owner-occupied housing units are occupied by white households.

And, homeowners already receive favorable treatment under the income tax code that's not afforded to renters. In fact, if a family were in a financial position to take out a home equity loan, they would get tax deductions for that, while a renter taking out a commercial loan would not have that deduction.

We believe that in the proposal that we've developed, that the benefit is that any family whose housing has increased in value beyond the amount that they could reasonably afford today, that amount would be excluded from the computation and, therefore, that equity would be protected.

Mr. ANDREWS. Let me just make sure that I understand for the record the proposal that you have advanced on behalf of your organization. Go back to my bus driver/cafeteria worker example—and let's round their income off to $30,000 to make it easier.

As I understand it, the first $90,000 of home equity that that family had would be excluded from the calculations. Is that correct?

Ms. THOMAS-PARROTT. No, the reverse.

Mr. ANDREWS. Only the first $90,000 would be counted?

Ms. THOMAS-PARROTT. Exactly. And if the home had escalated, as some in New Jersey have, to $200,000, then that amount over $90,000 would not be included.

Mr. ANDREWS. It's interesting the point that you make that we have many families in New Jersey—I just know this anecdotally, I'm sure that our student could tell us this as well, and did, in fact, tell us this earlier—that we have many families in New Jersey that find themselves owning a home with a market value of $225,000, but they have incomes of $30,000.

Ms. THOMAS-PARROTT. That's correct.

Mr. ANDREWS. That is, in part, a property tax problem, but in part an aid problem as well. Mr. Sawyer?

Mr. SAWYER. Mr. Chairman, could I just ask you to yield for just a second?

Mr. ANDREWS. Sure.

Mr. SAWYER. You used the term "equity," and you used the term "market value," are we confusing them or are we——

Ms. THOMAS-PARROTT. Yes.

Mr. ANDREWS. Yes, we are.

Mr. SAWYER. We are talking about market value, are we not?

Ms. THOMAS-PARROTT. Home value cap.

Mr. SAWYER. Thank you very much.

Mr. ANDREWS. That's right. Your point is it's not the market value, it's the equity that the person has in the home.

Ms. THOMAS-PARROTT. No. It's the home value.

Mr. ANDREWS. Right. Ms. Hicks.

Ms. HICKS. I was going to clarify that. In the example that you were using of the $30,000 income, the home value is capped at $90,000. If they still had a $50,000 mortgage, that would then be subtracted from the $90,000, so that their equity would be $40,000, so you work down to the equity.

What Mr. Farrell was mentioning, the $40,000 equity is then subject to a further allowance, something called an asset protection allowance, which is applied against all assets, cash and nonliquid assets, and it roughly is around $40,000. It varies by the age of the parent, because the closer you are to retirement the more assets you would protect.

It also varies by the number of people in the family, whether it is a one or two-parent family. $40,000 is a good median figure to keep in mind.

One other thing I would add, I think Ms. Thomas-Parrott quite well articulated the reasons that NASFAA adopted the CSS proposal on capping home value. I mentioned earlier that it tends to benefit families who bought homes many years ago who could not afford to buy those homes now. It also tends to benefit older parents, because those people would be on incomes, very often, less than $20,000——

Mr. ANDREWS. Right.

Ms. HICKS. [continuing] and might have decided not to sell their home for retirement, but are living in the home simply covering property taxes and utilities, so it benefits that group.

Mr. ANDREWS. Yes, ma'am?

Ms. THOMAS-PARROTT. If I might add one more thing? The concern with a number, $20,000, $30,000, $40,000, whatever, is that at $40,001, that family is fully taxed, versus our proposal which looks at home value across all income.

Mr. ANDREWS. Okay. I'm going to yield to my colleagues. I'll just make this point. It's a theme to which I'm sure we will be returning in September. I hope that the debate avoids the trap, as I believe we have avoided today—avoids the trap of characterizing the choice that Congress has to make as being one between targeting resources toward those who are desperately in need, and taking them away from others, and leaving the status quo where it is.

I hope the issue and the debate becomes one of how to meet the educational needs of all the families that we are talking about. I do not want to have to choose between the renter family that makes $23,000 a year and the homeowner family that makes $46,000 a year.

I think if we pay proper attention to default reform and free-up dollars that are presently being wasted, if we pay proper attention to shifting other resources by maximizing the dollars we are already spending in our lending programs more toward students and less toward other interests, I think that we can mitigate the issue and move on to different choices. I thank you and I will next turn to Mr. Sawyer.

Mr. SAWYER. Thank you Mr. Chairman. I really do not have a question today so much as an observation. It seems to me that much of what we are talking about, much of the difficulty and the complexity that we face, is a result of requirements from the time when these programs were put in place with a presumption, largely, of the traditional college student.

What we are seeing here is a change that is driven not only by the changing demographics of the campus but, in many ways, of the Nation itself. The population that not only wants higher education but needs higher education, has changed markedly in the last 25 years. The demographics of the campus has changed, and of the American family.

Along with that has come a change in what we mean by "need," defined in family terms. Where once this usually was a family in which the student was the offspring, in far greater numbers today we are seeing a family in which the student is the parent. I'm not sure that we've come to grips yet with the different set of needs that are embodied in that circumstance.

As we look at the way in which the policies that have been proposed here will change the distribution of access to assistance, it seems to me that we need to take into account that profound change and what the consequences will be of each of these policies in those terms.

Enough of observation. Thank you.

Mr. ANDREWS. Thank you very much.

Mr. Reed?

Mr. REED. Thank you, Mr. Chairman. With your indulgence I would initially like to recognize two Rhode Islanders who are with us here in the audience, Woody Farber, who is the Executive Director of the Rhode Island Higher Education Assistance Authority, and also Lynn Burns, who is the Director of Student Financial Aid at Roger Williams College in Bristol, Rhode Island. It's nice to see Rhode Islanders is coming down and checking on my activities.

Mr. SAWYER. As well they might.

Mr. REED. As well they might. Thank you, Mr. Sawyer.

Mr. ANDREWS. Let us know if you find anything interesting, okay?

Mr. REED. Pretty dull guy. Anyway, I'd like to first address a few comments to Mr. Farrell. I know the Chairman started off with his update on correspondence, and I'd like to do that also.

I'd like to thank you for your letter to me of July 12, 1991 as many people don't realize, in Rhode Island we have a serious problem with frozen assets in closed financial institutions, and we have been working with the Department of Education to help us so that in the calculation of student aid for students going on to college this year, that we could recognize that those assets are not available.

I want to thank you for your efforts particularly in your regional office in dealing with this problem and alerting New England Regional College Aid administrators of the problem, and also in your contract with the National Association of Student Aid Administrators. I appreciate that, Mike.

You also suggest in the letter that perhaps one solution is deferring out of State education plans or going to low cost institutions in

State. I don't think that's the best solution to the problem, and I would hope that together we could do more. I applaud you with what we've done to date, but I hope we could do more.

This brings me to a specific question that goes back to your testimony in that you have asked, I believe, that in the Higher Education reauthorization, the Secretary be given certain discretion to exempt students or classes of students. Is that a correct reading of your testimony with respect to the aid calculation?

Mr. FARRELL. We've asked that the Secretary be given authority to establish regulations that would recognize certain special categories of students for treatment that would fall outside the formula where appropriate.

Mr. REED. Now, would this be—the example in Rhode Island—would that be something that typically could be dealt with this way, this extraordinary situation?

Mr. FARRELL. Possibly.

Mr. REED. Possibly. It seems to me that, again, for those people who have not been tuned in to this particular problem, we have people who don't have access to funds, and yet under the Congressional formula, they must count those funds as part of their assets. Therefore, there are some people, we've been told, who simply cannot receive aid because they have money—supposedly have money in these credit unions, but they really don't have it.

I would hope that if you are contemplating, not just for the Rhode Island situation but going forward, discretion for the Secretary pursuant to rules and regulations that we would have notice and comment, that that might be a way to address these extraordinary circumstances and provide additional relief.

It seems to be absolutely ludicrous to penalize people and students from going to college because they have been caught up in a financial crisis and they really cannot use these monies even though, legally, they have a claim to them. I would hope that in your contemplations of this particular aspect you would follow through on that, Mike.

Mr. FARRELL. Yes, sir.

Mr. REED. The major issue that I want to talk about is home equity. It is an issue that has preoccupied the panel. I'm glad to see that everyone seems to agree that we have to do something about home equity in the calculation of financial need. I have taken a much more aggressive posture than, I think, all of the panelists, because I have submitted legislation, along with my colleague Patsy Mink of Hawaii, to exclude first home residences and farms totally from the calculation of financial need.

I do say one principal reason is because of the regional inequalities. We have seen in the Northeast particularly, an extraordinary growth in real estate values. The same home in some place in the Midwest perhaps, or some other region of the country, in fact even a more luxurious home, would cost less, and in fact these people might qualify for aid much more easily than a more modest home in my Rhode Island or New Jersey or elsewhere.

That is a significant problem. The other problem is that it tends to reflect a broader problem that we see daily, and that is middle class families, with both parents working very hard, trying to send children to school, and they are getting absolutely no aid from the

Federal Government, while they are, in fact, contributing substantial amount of tax money to the Federal Government, State government, and local government, and everything else.

This is a real change from about 20 years ago when I was ready to go off to college when aid to middle class Americans—financial aid, Pell Grants, Stafford Loans, et cetera—was much more accessible. In that context, I think it is appropriate if we can review the bidding on this whole notion of equity. As I understand the plans, Mr. Farrell, your plans would exclude $20,000 or less income, then the equity component would drop out.

NEA is calling for a $40,000 income cap and then equity falls out, and the CSS plan would call for excluding above three times income. I have problems with all of these. I think I echo Mr. Andrews comments, Mr. Farrell, that, practically speaking, that's a nice gesture but, in fact, I think in a sense it is a gesture because people with $20,000 or less family income are usually not homeowners. If it is, it's not a home that I think—well, again, I won't go any further characterizing, but I just don't think it's a significant step forward.

I find the NEA proposal at $40,000 again, that might be the median family income, but with two spouses working, which is typically the case, you are not going to reach what I would consider to be the vast majority of working American families who need this type of assistance so their children go to school.

Your proposal could be more generous, but also, again, let's assume, if you've got two people working and you are fortunate enough to have a $20,000 a year job, they've got a $120,000 threshold to get over before they can exclude any bit of it. That I don't think is going to give immediate relief.

What I'm hearing, what you might be hearing too, is that these are the particular situations that people are complaining that they can't qualify for loans because of equity. Having that long prelude, touche.

Ms. THOMAS-PARROTT. Two comments. One is that—and I know we are not supposed to think about fiscal constraints as we talk about authorizing the programs, but it keeps creeping in because, clearly, if we had enough money to fund all of this, your proposal would be acceptable to everyone.

But you mention that these families aren't qualified for loans, and I think that, in fact, there is a way to work a home equity exclusion by program so that we could exclude home equity from being counted for Stafford Loan participation and, in such a way, not have the fiscal concern that I think is present, perhaps not here, but outside of these doors.

I think that, in fact, the GSL has probably a very workable solution.

Mr. REED. Other comments? I think this is a——

Mr. PACKER. I would say that in terms of—I would share some of the concerns about excluding all home equity for all families. There was an analysis that the CSS did that looked at reductions in average parental contribution if you eliminate home equity, and it just exponentially increases so that higher income families earning $50,000, $60,000, $70,000 would have their parental contribution reduced by up to $2,500 almost, whereas, under our proposal, any

reductions would occur only in moderate income families and actually concentrate benefits more on moderate income families than capping it at three times.

There is an example in our testimony based on CSS's data, that for a family earning between $25,000 and $30,000, or families in that range, the average parental contribution reduction in that range under our proposal would be $652.

Under the College Board proposal, it would be about $297. I think it's a point to look at all of the numbers under whatever proposal to see who benefits, how much they benefit, how does that effect other students? I think part of the goal should be, in this or any other aspect, to achieve some equity so that contributions do increase as parents' incomes go up, and that we do have some equity and that upper-income families not suddenly have huge potential increases in their financial aid eligibility.

Mr. REED. Let me follow up. Do you have studies available that sort of trace out——

Mr. PACKER. I'm quoting from CSS's study.

Mr. REED. And that's within the record here today?

Ms. THOMAS-PARROTT. The studies are not, but we can provide them.

Mr. REED. Would you do that, please?

Ms. THOMAS-PARROTT. Certainly.

Mr. REED. I think the one analytical point would be evaluating the impact of these varied proposals on the population we are trying to help, which is basically middle working-class Americans, and see who would fare better under what proposal, so those would be very helpful to us, and I would appreciate it if you would give them to the committee.

Yes, ma'am? I just have to make sure that I can remember if I owe you any money. I don't think so.

Ms. HICKS. I think you are headed in the right direction, and I congratulate you on introducing that legislation. Like the other two speakers, I think you are going a little further than we think you should go in terms of trying to maintain the kind of equity between families applying for aid and also given the fiscal constraints.

I was quickly trying to do another mathematical calculation based on the family that you presented. You said two people, each earning $20,000, if I recall correctly, so total income would be $40,000. Let's say that the home is worth $240,000, something that they bought years ago, it's now worth $240,000. Let's just say they own it outright, give you that example.

Their home asset value would be capped at three times income, $120,000. If you kind of just trust my calculations of how that carries out through the rest of the need analysis, we mentioned that there is another $40,000 that would be offset as allowance against retirement, they would end up with an increased parent contribution of roughly $4,000 at the highest taxation rate, which I do not believe they would be in, and yet they would own a home outright.

They could even go and get a PLUS loan, which provides a maximum of $4,000, to cover that. So that just gives you roughly an idea of how home value translates into cash for college. I think that this approach has a lot of value because it's not a blunt instrument, it's

more sensitive to not skewing the differences between all types of families we are trying to serve.

Mr. REED. Yes, sir, Mr. Fitzgerald.

Mr. FITZGERALD. If I might add another dimension to this. The Advisory Committee doesn't have a specific proposal on the elimination of home equity, but to the degree, and this is recognized in the committee's recommendations, to the degree that Congress is interested in doing something, whether it's up to an income level or total exclusion—Mr. Andrews, for example, one of the numbers that we've seen is that it would cost $200 million to totally eliminate home equity in the Pell Grant program.

To the degree that you are interested in eliminating it below a cap, it provides the Congress a tremendous opportunity to achieve another goal, that is simplification. I think our chairman, Dr. Koplik, referred to some data that IRS ran for us before, and that suggests that once home equity is eliminated, there are virtually no other meaningful assets for the families who qualify for the simple needs test.

Just picking a number, for example, if one were to eliminate home equity up to $40,000, one would have tremendous flexibility in adjusting that simplified need analysis, because, once eliminated, once home equity is eliminated, IRS data suggests that there is really not much left.

Mr. REED. Let me follow up, Mr. Fitzgerald, on a thought I had when I was hearing the discussion about eliminating or simplifying greatly the low-income application forms. What we are talking about really is transaction costs; the difficulty of filling out the forms and things like that. Typically, in this society we ration things by cost.

I'm just wondering if anyone has thought through the problem in terms of what happens when there is an easier form. Again, we persistently are hearing horror stories about people being recruited from unemployment lines to go sign up for student loans and things like that. Presumably, at least the agency or school would have to be clever enough to fill out the forms.

Is there any thought as to what might happen in terms of if we simplify it totally? I raise the question sincerely, with just a——

Mr. FITZGERALD. Mr. Reed, I'm sure there is some concern about that, and certainly integrity is a central issue in all of these discussions. I think, in reality, those who would circumvent the rules, the best intent of the programs, would do it under a simple or complex system. In the committee's view, simplification merely gets the system out of the way of those students who don't benefit meaningfully from the procedures, the data collection, the subroutines.

I think there is some concern expressed by members of this subcommittee about special treatment of AFDC recipients, for example. There are many ways to simplify this process. For example, Senator Simon reflected in a hearing over on the Senate side in April, which was held on simplification, that when key simplification steps were made early in the 1980's, particularly in the loan programs, that many of the students who came into the programs would have been eligible under the old criteria.

There really are no data out there to back many of the assertions up about what might happen in this regard. It's a concern. I'm not

sure having a complex versus a simple process will really affect the integrity-related concerns. I think it can benefit very substantially those who should be in the programs legitimately.

Mr. REED. Let me ask a final question for the panel. A major concern I think we all have collectively, both the subcommittee and you ladies and gentlemen, is ensuring access to higher education for the full spectrum of Americans, which includes middle working-class Americans. We focused today on one aspect, and that's the home equity issue.

I would just like to get your opinion or impression of what are the impediments other than home equity? Is that the only one, or is that the most important one, to meaningful financial assistance to working middle-class Americans for higher education? Any thoughts you have I'd appreciate.

Yes, go ahead.

Ms. HICKS. To be honest, a major impediment is lack of funding.

Mr. PACKER. In the Pell Grant program, the higher the maximum award, the higher up the income scale the eligibility goes since the awards are based on the maximum minus your needs. The higher the maximum, the more people with smaller need but still have a need become eligible. The same with campus-based or anything else. The more money, the more people become eligible.

Ms. THOMAS-PARROTT. I think another issue is depending on how one defines middle income. It's an information issue. I think that there are people who believe that they are not eligible and therefore they don't apply or who, because of the system as it is currently set up, get a denial of Pell eligibility and assume that that translates into all other Federal programs.

Moving toward one methodology will help middle income people who currently get a Pell rejection to understand that that does not mean all Federal aid.

Mr. REED. Let me ask one of the experts on the panel.

Tajel, you are—I would assume you wouldn't classify yourself as independently wealthy and a world traveler and bon vivant, neither would your family. Did you sense that you were being excluded from meaningful Federal assistance?

Ms. SHAH. As far as I believe, the original intention when I first looked into getting Federal financial aid was that I was going to get a grant. I was fortunate enough to have some members of my family who had gotten a higher education, so that the early intervention that was necessary was already done. In most cases that isn't done and that's not true.

We categorize an income of $20,000 as working class. As Representative Andrews noted, these families aren't talking about higher education, they are talking about day-to-day survival. We need to get to them as early intervention and do a really successful publicity campaign so that they know that they can go to college, and so that they can start taking those classes, those algebra classes that they need, and make sure that they make those choices from the very beginning so they can prepare for it.

I think it is the basis of all of these different things, of not being able to get grants we were supposed to in the original intention of the Higher Education Act. Not even having the hope—I mean we have lost hope in the working-class, of going to higher education,

and really not having the money at all, and the issue of home equity as well. I think it's all these issues all rolled up in one.

Mr. REED. Thank you very much.

Thank you, Mr. Chairman.

Mr. ANDREWS. Thank you, Mr. Reed.

I want to extend on behalf of everyone on the committee our appreciation for the excellent quality and interesting testimony. The committee will stand adjourned until tomorrow at 9:30 for the final in our series of hearings.

[Whereupon, at 12:15 p.m. the subcommittee was adjourned, subject to the call of the Chair.]

HEARING ON THE REAUTHORIZATION OF THE HIGHER EDUCATION ACT OF 1965: NEED ANALYSIS

THURSDAY, AUGUST 1, 1991

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON POSTSECONDARY EDUCATION,
COMMITTEE ON EDUCATION AND LABOR,
Washington, DC.

The subcommittee met, pursuant to notice, at 9:30 a.m., Room 2175, Rayburn House Office Building, Hon. William D. Ford [Chairman] presiding.

Members present: Representatives Ford, Hayes, Lowey, Payne, Unsoeld, Washington, Serrano, Mink, Andrews, Jefferson, Reed, Roemer, Coleman, Molinari, Goodling, Petri, Roukema, Gunderson, and Barrett.

Also present: Representative Clay.

Staff present: Thomas R. Wolanin, staff director; Maureen Long, legislative associate/clerk; Diane Stark, legislative associate; Colleen McGinnis, legislative associate; Gloria Gray-Watson, administrative assistant; Jennifer Cable, staff assistant; Rose DiNapoli, professional staff member; Jo-Marie St. Martin, education counsel; and Beth Buehlmann, education coordinator.

Chairman FORD. I am pleased to convene this, the final hearing on the reauthorization of the Higher Education Act of 1965. When we started out earlier this year, Mr. Coleman and I asked over 150 organizations to give us their advice on what they would like higher education legislation to look like for the balance of this century, literally. More than 100 organizations gave us detailed reactions to that invitation before the beginning of these hearings in April.

Since that time, other organizations have come forward with additional ideas. We will conclude today 44 days of hearings and, I think, about 400 witnesses. We've heard from deeply frustrated middle-income parents who see their children's college dreams stifled. We've heard from students who sell their blood to pay their school bills, and who drive themselves into the hospital with exhaustion and pneumonia as they struggle to hold a job while keeping up their studies.

We heard from other students who defer medical and dental treatment and live on peanut butter and pasta so they can stay in school. We heard from a young woman who survived in school only because her 75-year-old grandfather went back to work. We heard

from a young black man who believed for many years that black men could only go to college if they played basketball or football.

It is clear that America needs more people trained and educated beyond high school. It is equally clear that the thirst for a better life through education is unslaked in America's working and middle income families.

Finally, it has become obvious that the Higher Education Act requires a major overhaul to meet the needs of this Nation for educated citizens and to fulfill the aspirations of Americans eager to improve themselves and their country.

Our quest for information and ideas has been an unprecedented one in the dimensions of the history of the Higher Education Act, both in volume and geographical scope.

It has been a massive undertaking by the subcommittee. I think every member of the subcommittee who has plodded through and stuck it out for these hearings here in Washington and across the country, has earned the gratitude of every student present and future in this country. Because from that, there is emerging a picture that should give us something to work on to develop this legislation.

Last week we had five hearings. We've had 19 hearings in 18 States, and 24 hearings here in this room. We have conducted two joint hearings with the Senate. We've heard from a total of 447 witnesses: 56 of them were students; 40 of them, financial aid administrators, 138 of them were presidents or chief executive officers or top administrators of institutions: 47 from public 4-year institutions, 46 from private institutions, 18 from community colleges, and 27 from for-profit trade schools.

Contrary to the last reauthorization of this act, the administration has appeared before the subcommittee 13 times. In fact, the two witnesses who appeared before this subcommittee and did yeoman work in preparing for and responding to the subcommittee are Mike Farrell, the Acting Assistant Secretary for the Office of Postsecondary Education, and John Childers, the Deputy Assistant Secretary for Higher Education Programs. Each appeared four times before the subcommittee.

Thirteen members of Congress have presented testimony before this subcommittee, and we have, I think, three more today, starting with our own colleague Marge Roukema. We've conducted field hearings all over the country from Rhode Island to Hawaii, and from Montana to New Orleans. The subcommittee has convened in downtown Manhattan and, thanks to the gentlemen from Nebraska, among the cornfields of Nebraska.

After we conclude today's hearing, we will work to thoroughly revise the Higher Education Act to address the loan grant imbalance, restore access to Federal student aid to working and middle-income families, ensure the integrity of the student aid programs, simplify the application process and delivery system, serve more effectively nontraditional students, and strengthen early intervention and outreach programs.

Today, we have several witnesses. We will start with our own colleague Marge Roukema, but before we proceed, Marge, are there any other opening statements?

Mrs. ROUKEMA. Yes. Thank you, Mr. Chairman.

Chairman FORD. Would you like to make an opening statement?

Mrs. ROUKEMA. I would like to make an opening statement. May I?

Chairman FORD. I want to let the members do that too before we start your testimony.

Mrs. ROUKEMA. I'm sorry.

Mr. COLEMAN. Mr. Chairman?

Chairman FORD. Mr. Coleman?

Mr. COLEMAN. Perhaps I should say a few words on this semi-historic occasion of the conclusion of this year's our hearings on higher education and reauthorization. I want to commend the Chairman for his fairness and understanding in holding all of these hearings and meeting all of the requests of the Republican members on this committee to have either witnesses or bills heard, or a field hearing.

That has enabled us to, I think, lay a basis for what I hope will be a bipartisan bill, as we struggle to meet some of those challenges which you mentioned in your remarks. I also remember some of the very positive things that we've heard from people about our higher education system; how it's looked upon throughout the world as probably the finest system of higher education.

So, while we certainly have problems, we certainly don't want to forget the very good things about our system. We need to keep them and to build upon this solid foundation. You and I have had meetings and we expect to have some drafts prepared.

I'm very optimistic that we are going to be able to put together a bill with which, like we did 5 years ago, we can go hand-in-hand to the floor and get it passed by a wide majority. Much of that success, if it comes about, will be the result of your leadership. I want to say that it has been a pleasure working with you through this process.

I certainly anticipate a continueation of that type of relationship as we go into the most interesting and most difficult part, in some cases. And that is putting our feelings and concerns on paper; expressed in a legislative form. I want to say on behalf of all of the Republicans, thank you, Mr. Chairman, for the series of hearings and the manner with which you have treated the minority.

Chairman FORD. Thank you, and before my Democrats get too excited, we had just as many hearings in Democratic districts as Republican. I would like at this point to thank the gentleman for his kind remarks. It's been a real pleasure working with you this year, Tom, and I hope it continues until we have a finished product. I don't remember one incident where we had to spend more than a few minutes to resolve problems as they arose.

Members of the subcommittee coming from a State where only one member on both sides of the aisle was from a State were one problem. Members coming from States where there were three or more members from the same State on both sides of the aisle was another problem.

I don't remember that we've ever had a disagreement between the majority staff and the minority staff on where and when the hearing was going to be held and who the panel was going to be. They've worked well together, and all of the members of this subcommittee should be grateful for the work that the staff on the ma-

jority and minority sides have put in to make sure that the hearings were something that I think reflect great credit to this subcommittee and prepare us to do a good job.

If we make mistakes from here on, it's our own judgment, not for want of trying. The staff on both sides have worked closely together to make sure that this happened.

Now I'll recognize the gentleman from St. Louis, Mr. Clay.

Mr. CLAY. Thank you, Mr. Chairman. Today the subcommittee finishes its hearings on reauthorizing the Higher Education Act. This subcommittee has heard from every segment of society on the need for the Federal Government to continue and expand aid for people who want to pursue an education beyond high school.

We must not be meek in saying that the Federal Government must do more, not less and not the same, in order to further educate our people. Education historically has been the linchpin which has mobilized and unified our Nation. It is important that we provide the necessary resources in order for higher education to be a catalyst for our national growth and prosperity.

As one reads the extensive testimony which was presented during the course of these hearings, one is struck by the dedication and high resolve of the people who are involved on a daily basis in our institutions of higher education and who are committed to the optimum utilization of our human potential.

It is in our national interest that the Higher Education Act be reauthorized and supported by all of us very enthusiastically. As I close, let me commend you, Mr. Ford, and my colleague from Missouri, Mr. Coleman, and your staffs, for an extraordinary job well done. Thank you.

Chairman FORD. Mr. Barrett?

Mr. BARRETT. Just a brief statement. With the conclusion of these hearings, I want to echo Mr. Coleman's comments and to thank both of you, Mr. Chairman and the ranking member, for your guidance for a person who was new to this committee, and to you Mr. Chairman for your cooperation and your friendship. Thank you.

Chairman FORD. Thank you very much.

Mr. Reed?

Mr. REED. Thank you, Mr. Chairman. I, too, want to commend you for this series of hearings which has gone into great detail and will form a basis for exhaustive and progressive reauthorization of the Higher Education Act. Your leadership has been critical.

I also commend Mr. Coleman for his leadership, and particularly want to thank the staff for all they've done. Today, I'm looking forward to the testimony of my colleague, Mrs. Roukema, who is, as I, interested in home equity; my colleague Jim Ramstad, a classmate and fellow member of the Judiciary Committee, and his legislation; and Mrs. Boxer, I am a co-sponsor of her legislation.

Once again, Mr. Chairman, you have a critical set of panelists here to deal with very important issues. I thank you and appreciate your help.

Chairman FORD. Mr. Goodling?

Mr. GOODLING. Only to congratulate the Chairman of this subcommittee and the ranking member. I think you shocked the higher education community with your first speech when you told

them you were going to turn this upside down and look at everything. It wouldn't be the same as usual if it wasn't working correctly.

I think you shocked them, and I notice that you meant what you said, and 40 some hearings later, I think they will be pleased with the efforts of the Chairman and the ranking member, with the assistance of the rest of the committee. We thank you for your efforts.

Chairman FORD. Mr. Hayes?

Mr. HAYES. Thank you, Mr. Chairman. I'm going to be very brief. Just let me join with my colleagues who have expressed words of commendation for the kind of job you've done as Chairman of this subcommittee and the full committee. I really didn't realize until I heard the statistics, that we had been so busy: 44 hearings this year and 400-plus witnesses.

This sort of lays to rest, I hope, what is depicted as painted sometimes that we in the Congress don't do a thing but fool around and play around. One of the things that seems clear is that our efforts have been to make education one of the top priorities in terms of access for all facets of our society.

I just want to say that my colleague who is going to testify before us this morning, Congresswoman Roukema, she has been an asset and a real help to this committee, and certainly has a great dedication and a deep-seated feeling for the need for educating our young.

I want to say to the rest of my colleagues on this subcommittee: Let's keep on keeping on. Maybe what we do will become a reality at some point as we prepare to try to reauthorize the 1965 Higher Education Act. It's going to be tough.

We haven't yet accepted this in the Congress as one of our top priorities, education. I do hope that this is a step in that direction. Thank you very much, Mr. Chairman.

Chairman FORD. Mr. Andrews?

Mr. ANDREWS. Thank you, Mr. Chairman, and thank you Mr. Hayes. I am looking forward to hearing testimony from our colleagues this morning. Before we begin, I want to thank the Chairman and the staff on both sides of the aisle, and the members on both sides of the aisle, for what I think has been an extraordinary series of hearings in this reauthorization process.

As a new member, someone new not only to the issue, but to the institution, I found these sessions both here and in the field to be extraordinarily enlightening. They have been an education in and of themselves. We have been able to witness first-hand the diversity of opinion that exists about higher education in the country.

We've been able to witness first-hand the diversity of impacts that the decisions that we will make in this reauthorization have on people around the country. I suppose what I found most remarkable in the context of all that diversity has been the common thread that has run through the testimony that I've heard from each witness in each hearing and, frankly, from each of our colleagues.

That is that there is a shared value, there is a common commitment that we still believe that the opportunity for a higher education is not only an economic advantage, we think it is a moral imperative. We think that what defines us as a democracy and as a

society is our willingness to open the doors of advancement and opportunity for every person of every background, every neighborhood, every religion, every economic class.

Sometimes in the midst of our deliberations over the very technical and intricate issues that arise in the reauthorization process, we overlook that. I find that shared commitment to be inspiring, and I look very much forward to working with each member of the committee in the months ahead in shaping a bill that will renew and further fulfill that promise that we make to people in the country; that you can go as high as your ability and your desire will take you in the American system of higher education.

As a proud graduate and product of that system, it is a special personal pleasure to be a part of this reauthorization. Chairman, thank you very much.

Chairman FORD. Mr. Payne.

Mr. PAYNE. Thank you very much, Mr. Chairman. Let me commend you for calling this, the final hearing dealing with the very important question on financial aid need analysis. I'm looking forward to the testimony from our colleagues to examine the Pell Grant formula which produces an expected family contribution called, as we know, the Pell Grant Index, and the Congressional Methodology, which produces the family contributions used for awarding Title IV campus-based programs and Part B loans.

There is a need for simplification of need analysis in the delivery process. I would like to welcome the witnesses, especially Dr. Anthony Lolli, Vice President of Enrollment Management and Student Services at William Paterson College in Wayne, New Jersey. I would also like to recognize Congresswoman Roukema for her outstanding leadership, not only here in Education and Labor, but also in the Banking Committee.

We were very fortunate to have a hearing in New Brunswick at Rutgers, the State University of New Jersey, where Congresswoman Roukema was very helpful in bringing her insight of a number of years on this committee, and on the other far extreme, we did have the wisdom of a new fellow Congressman Rob Andrews, but it made a good balance.

I would just like to conclude by commending you, Mr. Chairman, for these 44 meetings. I have learned a great deal from the witnesses, but I think that I have learned a tremendous amount from you as a chairman. Forty-four is an interesting number. Usually the football players that are hard running backs use the numbers from 41 up to 44. You have certainly shown the drive and the knowledge and the leadership to bring this to its final conclusion. Thank you very much.

Chairman FORD. Mr. Roemer?

Mr. ROEMER. Thank you, Mr. Chairman. I have a formal statement that I would like to ask unanimous consent to be entered into the record. I would just like to make a couple of brief comments.

First of all, Mr. Chairman, as I have talked about before in this committee, I ran my campaign on the premise that education was the most important issue that we face as a people. It is important for our productivity, it's important for a well-informed democracy, and it is important for our children's future.

In the 102d Congress this committee has had an opportunity to hear from over 440 witnesses from 18 different States over 44 days, and, in the process, we have heard a lot of good ideas about the integrity of the programs, simplification of the programs, and better access for middle-class families throughout the country.

This has been an excellent opportunity to talk about the issues that mean something to people in the heartland—in Indiana. Mr. Chairman, I salute you and Mr. Coleman for your hard work over the past 7 months in helping to educate, as Mr. Andrews said, the new members of this committee, and I commend you for bringing fresh, new, creative approaches to this extremely important Reauthorization Act. When we took our committee to the field hearing in South Bend, Indiana, Father Hesburgh, who is the former president of Notre Dame said, "As education goes, so goes America." I think that this is an accurate appraisal of what we face as a Nation with this Reauthorization Act.

We also heard a witness from a middle-class family say, that she believed this act should address the opportunity, for her children to do as well, if not better, than she did. As many of my colleagues have said this morning, that is what we are trying to do in crafting this new reauthorization of the Higher Education Act.

I will conclude, Mr. Chairman, by thanking once again, all the members of the committee and especially the excellent professional staff that has provided so much help for us in our field hearings and in the hearings that we've held throughout the course of the last 7 months. I, too, look forward to the expert advice from our colleagues today as well. Thank you, Mr. Chairman.

[The prepared statement of Hon. Tim Roemer follows:]

STATEMENT OF HON. TIM ROEMER, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF INDIANA

Mr. Chairman, I want to take this opportunity to thank you and commend you for the 44 days of hearings which this subcommittee has conducted on the reauthorization of the Higher Education Act over the past 4 months. I am particularly delighted that the subcommittee was able to travel to my district in Indiana last week to hear the views and recommendations of many of my constituents who have a long standing involvement with and commitment to higher education. I know that I speak for many of my colleagues who also appreciated the willingness and the tireless efforts of the subcommittee and your fine, professional staff in traveling to 18 States to conduct 19 field hearings.

As this extensive hearing process draws to a close today, I feel that I have had an in-depth review of higher education due to the subcommittee's examination of every title of the act. With numerous recommendations from our 447 witnesses, we have a wealth of knowledge from experts in the higher education community which will form the basis for strengthening and improving current law. Over the course of the next few months, we have an opportunity to enhance postsecondary education opportunities for all Americans by improving the effectiveness, integrity and targeting of current programs. What we produce in this Congress will form the cornerstone of the Nation's higher education policy for the 1990's.

Chairman FORD. Mr. Jefferson?

Mr. JEFFERSON. Thank you, Mr. Chairman. Like the rest of the members who have spoken before me, I would like to commend you for your support of the interest that has been shown by all of us, and particularly by me in these hearings, and in trying to be a productive member.

Most of us who have come here as new members had hoped for the chance, Mr. Chairman, to find a way to be productive as early

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as we could. You have given to each of us a chance to participate, to actually contribute to the process, and I sincerely appreciate that.

The hearings were held in New Orleans on Title III and IV of the act, and dealt with issues that are close to my heart and that are the core of my concern. Though my interest is not singular, Mr. Chairman, under this act, it is certainly centered around the issues of access and opportunity and success for those who have not had a great deal of opportunity to pursue higher education.

You've shown a great interest in those issues, and I really appreciate that. You've shown interest in low-income students moving from high school to college, to middle-income folks having a better chance with rising costs of a college education, and of those who simply want a chance to go to a 2-year school after high school.

The whole range of interest and opportunity and concern about access you've shown a great deal of interest in, and this committee has, and I'm very deeply appreciative to you for that. We have been concerned about need analysis throughout this process. I'm interested to see what the witnesses have to say today about it and to add to what we've heard so far.

Also, we've been concerned a great deal about default rates. I think one thing that we've come up with, Mr. Chairman, is that these institutions that have had high default rates have been the ones that have taken the most risks with students who have had the most difficulty in getting into school. We've got to find a way to address the default rate question without penalizing the future generations of these students who desire to attend these very same institutions.

Mr. Chairman, I want to say that you've been a great help to me, personally, and to this committee, and you've certainly moved higher education forward by the way you conducted these hearings and by your attitude of inclusion. Thank you very much.

Chairman FORD. Thank you very much.

Mrs. Mink?

Mrs. MINK. Thank you, Mr. Chairman. I certainly want to echo and join in the comments of my colleagues in expressing their appreciation for your leadership and what is undoubtedly the most important bill that will be traveling through the legislative branch and hopefully will be signed into law sometime this year.

We agonize over the responsibilities of Congress to have an input in the fashioning of our Nation in the years and decades to come, and there really is no more important piece of legislation that will set this Nation on the proper course with the proper priorities and emphasis, than what we do in supporting our institutions of higher education and, more particularly, how we offer assistance to the students who are moving into these institutions, attempting to learn new careers and develop their talents and skills.

If we are to be competitive in the world market, not only of technology and ideas, but in commerce, it is the emphasis that we put in our higher education institutions that's going to make the difference.

I want to commend your leadership, Mr. Chair, in providing the community of interested persons throughout the country an avenue for expressing their needs, desires, and concerns about the Federal

legislation, by opening up channels of communication with them and offering all the variety of hearings and forums that you have conducted.

I am especially grateful for the opportunities that were provided the State of Hawaii and those concerned there with a chance to participate in these hearings. The nature of the campuses have changed. The nature of the needs of this country have changed. We are at a golden opportunity to address those changes in this piece of legislation.

I look forward, again, to your continued leadership in helping us to put together legislation that will not only be a mammoth step forward in meeting the needs of the future, but will be the leading document which wili help this Nation meet its challenges for the future.

My expression of thanks and appreciation to you, I'm sure, are the deep-felt feelings of the community you have served so brilliantly. To the minority members and to the staff also, I want to join my colleagues in expressing my appreciation for their contributions. Thank you very much.

Chairman FORD. Thank you. I would observe for the record that you are almost in the same seat you were in, in 1965 when we passed the original Higher Education Act.

Mrs. MINK. Mr. Chair, I was down towards the end of that row there. It took me many years to get up to this point.

Chairman FORD. We are very, very happy to have you back. Thank you.

Mr. Gunderson?

Mr. GUNDERSON. Well, Mr. Chairman, I don't know if this is a testimonial to you or what is exactly going on here—I missed the agenda—but in the tenor of the comments made from my friends on the other side of the aisle, let me join with them in saying that I think you and Tom Coleman are great guys. I will think you are even greater guys if you include all my ideas in your bill.

Chairman FORD. So far you're up to one and a half amendments.

Mr. GUNDERSON. I guess I've got to keep talking awhile. We've got a number of members waiting to testify. I look forward to what I think will be the most fun part, which is now, beginning to develop the bill after the hearings. Thank you for your cooperation.

Chairman FORD. Mrs. Lowey?

Mrs. LOWEY. Thank you, Mr. Chairman. I, too, want to congratulate you for your outstanding leadership. I also want to thank Mr. Coleman, and in particular Mr. Goodling, who has worked very closely with me on a bill concerning program integrity which I hope will be part of the reauthorization. I particularly look forward to working with you to expand aid to all students.

As I travel around my district, what I am hearing from people is fear, especially from the middle class. They feel they are caught in a vice, and they are not going to be able to provide that assistance, that opportunity to their children that they had. That's what this country is all about, providing opportunity, providing the education to students so that they can fulfill their dreams.

I particularly am hopeful, Mr. Chairman, that several of my reauthorization recommendations will be included in the bill: the National Liberty Scholarship and Partnership Act, the Integrity In

Higher Education Act, on which I worked so closely with Mr. Goodling; the Women and Minorities in Math and Science Act; and the Higher Education Disclosure Act.

All these bills will expand opportunity. The Liberty bill particularly emphasizes early intervention. We've heard over and over again at our hearings that this is a new world. These are new students, and we have to reach out early to make sure that those students are trained, that they get all the assistance they need so that they can reach out and take advantage of the opportunity for a quality education.

I am very delighted, again, to have had the opportunity to benefit from your wisdom, Mr. Chairman, and I look forward to the passage of this bill so that not only are we helping each of our students, but that collectively we can move forward as a Nation into the 21st century with strength, and take advantage of the economic opportunities for all of our citizens. Thank you, Mr. Chairman.

Chairman FORD. Ms. Molinari?

Ms. MOLINARI. No statement, Mr. Chairman.

Chairman FORD. Mr. Serrano?

Mr. SERRANO. Thank you, Mr. Chairman. I will also echo the words of my colleagues on both sides who have both commended you for the work you've done, commended Mr. Coleman, and commended the minority and majority for the good spirit in which we have dealt with some of the issues that have come before us.

You know, when you represent one of the two poorest districts in the Nation, and with Mr. Hayes on the committee, I've been very careful to call my district one of the two poorest districts in the Nation, and not the poorest because Mr. Hayes represents the other. It's a title we really do not wish to have anymore.

You take some chances in some statements you make. I've said that even though my district could use everything from housing to employment, education is still the best and surest way out of the poverty and misery that our people find themselves in. Many of the problems that effect our community could, in fact, be solved or at least dealt with, if people could read and write and defend themselves.

That landlord that is indifferent to a tenant would have a more difficult time to be indifferent if that tenant could read a lease and could go to legal services and speak to a lawyer in English, in proper English, and get their point across.

The agency that ignores the needs of a community would have a more difficult time if the members of that community could manifest their thoughts in proper language and have the ability to bring up their problems. I've always taken the position that education is the key.

Higher education then becomes even a stronger message. I represent a community where, unfortunately for the community, being the only Puerto Rican in Congress, I am seen as some sort of a celebrity. I don't say that with any great joy. When I walk down the streets, people come up to me and tell me how proud they are of me, but what they are really saying is how proud they are that one of us was able to get to Congress, that one of us was able to get through high school, that one of us was able to get some sort of an education.

I think education and the work we are doing here is the most secure way for me to be joined here by many more celebrities from my district; doctors, lawyers, and professional people from the ranks of those that I speak to. It is nice to be singled out, but after a while it becomes painful. I look forward to the day when I am not the person "who has had the most success" in my community. I look forward to the day when I am surrounded at a legislative function by 20 doctors from the South Bronx and 30 lawyers from the South Bronx, and 15 other legislators.

Education is the way to go, and I'm so proud of the fact that this committee has taken on the issues, taken them on with vigor and with vision, and especially, Mr. Chairman, I am very happy about the support and help that the staff and you and other people have given to my desire to have paraprofessionals get a chance at becoming teachers.

I brag about only one thing. I am probably the only former school paraprofessional to get to Congress. It was easier to get to Congress than it was to become a teacher as a paraprofessional. I'm looking forward to the day when perhaps that legislation can help a lot of people in my community become teachers.

I thank you, Mr. Chairman, also, for your assistance on getting on this committee. I came to you prior to my election while I was still a candidate. You obviously read the polls and knew that chances were I was going to get here, and you got to work on it right away.

I was so glad to join my colleague from New York, Susan Molinari. She and I were elected on the same day, about the same time; she about 9:03, and I about 9:04. We had a longer count in the South Bronx. We are just so proud that we are now together serving on the same committee and trying to help people who need education as a way out of the misery they find themselves in. Thank you.

Chairman FORD. Thank you, Mr. Serrano.

Mrs. Roukema, I'm sorry that we kept you waiting so long, but this won't be your first and last time at bat. You can be assured that even though we want to hear from you today, we will continue listening to you through all of this process, as we have many times in the past. You may proceed.

She has a formal statement which should be inserted in the record without objection immediately following her comments. She was to be followed by Congressman Solomon of New York, who sent word that he is engaged in the Rules Committee and so, without objection, Mr. Solomon's statement will be placed in the record immediately after Mrs. Roukema finishes her oral presentation. Proceed.

STATEMENT OF THE HONORABLE MARGE ROUKEMA, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NEW JERSEY

Mrs. ROUKEMA. Mr. Chairman, I certainly am grateful that you have permitted me to be the lead-off witness on the final hearing here. It has been a very productive process and one that I am confident will be successful. We'll have a good bill out of this hearing process and the discussion process and the mark up process.

I want to also comment not only you for your leadership, but certainly the ranking member on the subcommittee and the ranking member on the full committee, whose dedication is unquestioned with respect to the goals of higher education. They are mutual goals. Your approach here has sparked a very healthy and energetic debate. We don't always agree on these issues, but our motives are clear and pure, and healthy debate is good and productive in my opinion.

Mr. Chairman, as you all know, I am a member of this panel, but I decided today to accept your open invitation to testify because I thought I might be more influential on this side of the table than I sometimes am on that side of the bench, so to speak. I'm going to try to influence you with my longstanding interest and ideas on education.

As you all know, from my first days in Congress, I have worked with many of you in identifying higher education as one of my top legislative priorities, and I am proud to say that I worked with you, Mr. Chairman and Mr. Coleman, in devising the first—and others on the committee—devising the first need analysis test, dating back to 1981 and 1982.

I also have noted over the years, as the Chairman has singled out the fact that, particularly middle-income and lower-income working families, their participation in the student loan program has eroded over the years, through the need analysis. Our aim here should be to restore access to those working families and middle-income families.

I heard those intentions echoed by a number of you here today in your opening statements. I have introduced legislation designed to insure that our scarce Federal student aid dollars will go to those students who have the greatest need, and who need the help with school expenses while still saving millions for the taxpayers. The provision of my bill will modify the formula used to compute eligibility for student assistance.

One major change that the bill calls for is the exemption of the net value of a family's principal residence from the student aid eligibility formula. Since the Congressional Methodology was adopted in 1986, I have gotten continuing reports from my constituents which proved to be absolutely accurate and reflective of what was happening throughout the State of New Jersey.

That is that New Jersey students applying for Federal financial assistance, are eligible for anywhere from $1,000 to $3,000 less in financial aid than the national average. The primary factor for this decrease, upon investigation and according to the New Jersey Department of Higher Education, was the inclusion of home equity in the calculation of expected family contribution from assets.

If you remember, Mr. Chairman, this was introduced in 1986 and thereafter. I doubt that any of us understood the full impact that this would have, but the 4 or 5 years of experience has now indicated that across the country there have been deleterious effects in terms of removing many worthy low to moderate income families from full funding and eligibility in the program.

I have statistics here which demonstrate what has happened in New Jersey. We are in the process of compiling other statistics at key locations throughout the country. Suffice it to say, Mr. Chair-

man, an examination of the facts will demonstrate that this has had a broadbased impact across the country and a regional impact.

I am mindful—by the way, I will submit that further documentation for the record, and we will have further discussion about it. I am mindful of the criticism of this approach, that is the removal of the fixed asset. Some of it was voiced yesterday in testimony before this committee. However, I am here to tell you that approximately one-half of lower income students already receiving financial aid would be eligible to borrow an additional $1,000 if the home were removed from the formula.

Allow me to give just one example from an actual case in New Jersey. Many homeowners in New Jersey have incomes below $18,000. Yet, over the past decade, the value of their homes has skyrocketed. Under Congressional Methodology, a family with an income of under $12,000 is expected to contribute $1,356 from those assets. About 27 percent of the families, and I think that's a large percentage, 27 percent of the families with incomes below $12,000 own a home now worth, in New Jersey, an average of $103,000.

This calculation, of course, ignores the fact that these families cannot afford, nor would they qualify, for the home equity loan that would allow their son or daughter to attend college. Therefore, the expected contribution from assets could never actually be contributed. These are not high income people, Mr. Chairman.

It is not primarily the wealthy or the upper middle class that would benefit from my proposal. The reasons for change, I believe, are compelling. In many metropolitan areas of the country, the booming real estate market of the 1980's has created a new category of the middle class; families that are increasingly house rich but cash poor.

This is not only a problem of urban and suburban America. Indeed, middle class families with their own small businesses or family farms, face the same dilemma. The facts will demonstrate that many family farm owners are dirt poor in terms of their ability to finance a college education.

Families are told that they have, under the present formula, that they have too much equity in their homes, businesses, or farms, for their children to qualify for Federal student financial aid, and yet these families cannot afford to carry a home equity loan. We should not hold eligibility for loans hostage to rising real estate values.

I might say in summary, we must eliminate the regional bias that the present formula holds. It should be noted—and those of you on the panel who were here yesterday will remember—that the NEA, in their testimony yesterday, supported my position. Other organizations have a slight modification on the proposal.

Let me further note that many of my colleagues see the need for a workable reform in this area, indeed Mr. Williams has proposed eliminating from the assessment the net value of the home, the family's home or farm in which the family resides.

I have other portions of my bill that I would like to bring forward to you. Other provisions will ensure that those students claiming to be independent of parental support are truly independent before being eligible for greater aid awards. I don't want to go into an explanation of this, but I think it is generally conceded

that there is a need to close a loophole to avoid possible fraud and misuse of scarce financial resources.

My bill further amends the Higher Education Act by eliminating inconsistencies that result in double counting of student earnings as both resources and assets, an issue correctly raised by the ranking member, Mr. Coleman, at yesterday's hearing. Under current need analysis, a student's prior earnings are added to any portion of that income placed in a savings account, and the total is used in the formula to determine available assets.

This serves as a disincentive for students to save. While a student is expected to contribute to the cost of his or her education, the needs formula should not count the same resources twice, which I believe is what is happening under present law. Another potential area for fraud and misuse addressed by my bill, pertains to student's parents who enroll in college courses simply to use these courses as an offset to the amount they are expected to contribute to their child's education.

My approach stipulates that parents must attend school on at least a half-time basis in a degree or certification program in order to deduct these expenses when calculating their expected contribution. A final provision of the bill explicitly permits financial aid administrators to exercise a greater amount of professional discretion in assisting low-income, independent students with families.

Recognizing that uniform application of the standard maintenance allowance can result in the denial of Federal student assistance to otherwise qualified low-income students with families. Congress should allow financial aid administrators to adjust the cost of attendance figures to better serve those who truly deserve financial assistance.

Finally, Mr. Chairman, going back to the core of my proposal, which is the removal of the fixed asset, I must stress that all of us on this committee should be concerned if the formula results in the strong regional bias, as I believe will be proven by an examination of the facts, and we, on this committee, should be taking a comprehensive national view, not a regional view to access for all students. Thank you, Mr. Chairman.

[The prepared statements of Hon. Marge Roukema and Hon. Gerald B.H. Solomon follow:]

Testimony of

Rep. Marge Roukema

before

Committee on Education and Labor

August 1, 1991

Mr. Chairman:

I am honored to be the lead-off witness at this, the final hearing of this long and productive reauthorization process. I would like to commend your leadership and that of the ranking members of the Committee and Subcomittee during this first phase of the reauthorization process. Your approach has sparked an energetic and healthy debate on a range of higher education issues.

I will be happy to further commend your leadership after our reauthorization bill is signed into law and when all of my reform proposals are included in it.

As you know, I have been an active participant in many of these debates -- especially the future of the student loan programs, our strong desire to cut our intolerably high level of defaults and reform of the formula we use to determine eligibility for student assistance.

I come to you this morning with this last point in mind.

I have introduced legislation designed to ensure that our scarce federal student aid dollars will go to those students who need the most help with school expenses while saving millions for taxpayers. The provisions of the bill will modify the formula used to compute

eligibility for student assistance.

One major change that the bill calls for is the exemption of the net value of a family's principal residence from the student aid eligibility formula.

The reasons for this change are compelling. In my district, the Fifth District of New Jersey, as well as in many other metropolitan areas of the country, the booming real estate market of the 80's has created a new category of the middle class -- families that are increasingly house rich but cash poor. However, I must add that this is not a problem of urban or suburban America. Indeed, middle class families with their own small business or family farm also face this dilemma. Families are told they have too much equity in their homes, businesses or farms for their children to qualify for federal student financial aid, yet these same families cannot afford to carry a home equity loan. We should not hold eligibility for loans hostage to rising real estate values.

Allow me one example. Many homeowners in New Jersey have incomes below $18,000. Yet, over the past decade, the value of their homes has skyrocketed over the past decade. Under Congressional Methodology, a family with an income under $12,000 is expected to contribute $1,356 from assets. About 27% of families with incomes below $12,000 own a home now worth an average of $103,045. This calculation, of course, ignores the fact that these families cannot afford nor would they qualify for the home equity loan that would allow their son or daughter to attend college. Therefore, the expected contribution from assets could never actually be contributed.

Let me further note that many of my colleagues see the need for workable reform in this area. Our colleague on the Committee, Mr. Williams, has proposed eliminating from the assessment the net value of

the family's home or farm in which the family resides.

I am increasingly concerned that failure to address these issues constructively this year, will leave us with an America where only the poorest of the poor and the richest of the rich can pursue a higher education. That's not good for America. That's not what this Committee wants.

Other provisions of the bill will ensure that those students claiming to be independent of parental support truly are independent before being eligible for greater aid awards. The proposed legislation will close a loophole that now allows any student not claimed as a dependent by his or her parents to automatically qualify as an independent student in the third and fourth years of school simply by receiving the full amount of a guaranteed student loan as qualifying independent income. Closing this loophole wil avoid possible fraud and misuse of scarce financial resources.

My bill further amends the Higher Education Act of 1965 by eliminating inconsistencies that can result in double-counting of student earnings as both resources and assets -- an issue correctly raised by my Ranking Member at yesterday's hearing. Under current needs analysis, a student's prior earnings are added to any portion of that income placed in a savings account and the total is used in the formula to determine available assets. This serves as a disincentive for students to save. While a student is expected to contribute to the cost of his or her education, the needs formula should not count the same resources twice.

Another potential area for fraud and misuse addressed by the bill pertains to students' parents who enroll in college courses simply to use these costs as an offset to the amount they are expected to contribute to their child's education. The bill stipulates that the parents must

attend school on at least a half-time basis in a degree or certification program in order to deduct these expenses when calculating their expected contribution to their child's education.

A final provision of my bill explicitly permits financial aid administrators to exercise a greater amount of professional discretion in assisting low-income independent students with families. Recognizing that uniform application of the standard maintenance allowance can result in denial of Federal student assistance to otherwise qualified low-income students with families. Congress should allow financial aid administrators to adjust the cost of attendance figures to better serve those who truly deserve federal financial assistance.

Mr. Chairman, I have long held that the most important role for the federal government to play in education is to provide access to a higher education to as many deserving students as possible. However, we fail in our mission if we allow artificial barriers, misapplication of resources or phantom criteria to keep deserving students out of the classroom. In that case, the students lose an education and a productive future. But, in the long run, it is America that loses another valuable asset.

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102D CONGRESS
1ST SESSION

H. R. 1117

To amend the Higher Education Act of 1965 to improve needs analysis in the student aid programs under that Act.

IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 26, 1991

Mrs. ROUKEMA introduced the following bill; which was referred to the Committee on Education and Labor

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A BILL

To amend the Higher Education Act of 1965 to improve needs analysis in the student aid programs under that Act.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE; REFERENCES.

(a) SHORT TITLE.—This Act may be cited as the "Student Financial Aid Improvement Act of 1991".

(b) REFERENCES.—References in this Act to "the Act" are references to the Higher Education Act of 1965.

SEC. 2. DEFINITION OF INDEPENDENT STUDENT.

(a) PELL GRANTS NEEDS ANALYSIS.—Section 411F(12) of the Act (20 U.S.C. 1070a–6(12)) is amended—

(1) by striking subparagraphs (A) and (B) and inserting the following:

"(12)(A) The term 'independent,' when used with respect to a student, means any individual who—

"(i) is 24 years of age or older by December 31 of the first calendar year of the award year;

"(ii) is an orphan or is or has been a ward of the court;

"(iii) is a veteran of the Armed Forces of the United States;

"(iv) is a graduate or professional student;

"(v) is married or has legal dependents;

"(vi) is an undergraduate student who was not claimed by his or her parents (or guardian) for income tax purposes for the two calendar years preceding the first calendar year of the award year, and who either—

"(I) was awarded assistance under this title as an independent student in the prior year, or

"(II) demonstrates to the student financial aid administrator total self-sufficiency during the 2 calendar years preceding the first calendar year of the award year by demonstrating annual total resources (includ-

ing all sources other than parents and student aid) of $4,000 or, in the case of a student with such annual total resources of less than $4,000, by demonstrating that such student was able to sustain themselves during such period and that remaining sources of financial support were not available from parents or guardians; or

"(vii) is a student for whom a financial aid administrator makes a documented determination of independence by reason of other unusual circumstances.";

(2) by striking "subparagraph (B)" each place it appears in subparagraphs (C) and (D) and inserting "subparagraph (A)"; and

(3) by redesignating subparagraphs (C) and (D) as subparagraphs (B) and (C), respectively.

(b) GENERAL NEEDS ANALYSIS.—Section 480(d) of the Act (20 U.S.C. 1087vv(d)) is amended—

(1) by striking paragraphs (1) and (2) and inserting the following:

"(d) INDEPENDENT STUDENT.—(1) The term 'independent,' when used with respect to a student, means any individual who—

"(A) is 24 years of age or older by December 31 of the first calendar year of the award year;

"(B) is an orphan or is or has been a ward of the court;

"(C) is a veteran of the Armed Forces of the United States;

"(D) is a graduate or professional student;

"(E) is married or has legal dependents;

"(F) is an undergraduate student who was not claimed by his or her parents (or guardian) for income tax purposes for the two calendar years preceding the first calendar year of the award year, and who either—

"(i) was awarded assistance under this title as an independent student in the prior year, or

"(ii) demonstrates to the student financial aid administrator total self-sufficiency during the 2 calendar years preceding the first calendar year of the award year by demonstrating annual total resources (including all sources other than parents and student aid) of $4,000, or, in the case of a student with such annual total resources of less than $4,000, by demonstrating that such student was able to sustain themselves during such period

and that remaining sources of financial support were not available from parents or guardians; or

"(G) is a student for whom a financial aid administrator makes a documented determination of independence by reason of other unusual circumstances.";

(2) by striking "paragraph (2)" each place it appears in paragraphs (3) and (4) and inserting "paragraph (1)"; and

(3) by redesignating paragraphs (3) and (4) as paragraphs (2) and (3), respectively.

SEC. 3. PREVENTION OF DOUBLE COUNTING OF INCOME IN ASSET COMPUTATIONS.

(a) PELL GRANT PROGRAM.—Section 411F(2) of the Higher Education Act of 1965 (20 U.S.C. 1070a–6(2)) is amended by adding at the end thereof the following: "No cash on hand or other property (or interest therein) of a dependent student shall be treated as an asset of the student (or spouse) for purposes of section 411B(1) except to the extent that such cash or property exceeds the amount the student is required to contribute from discretionary income under section 411B(f).".

(b) OTHER STUDENT ASSISTANCE PROGRAMS.—Section 480(g) of such Act (20 U.S.C. 1087vv(g)) is amended by adding at the end thereof the following: "No cash on hand or other property (or interest therein) of a dependent shall be

treated as an asset of the student (or spouse) for purposes of section 475(h) except to the extent that such cash or property exceeds the amount the student is required to contribute from available income under section 475(g).".

(c) EFFECTIVE DATE.—The amendments made by this section shall be effective for the 1991–1992 academic year.

SEC. 4. EXCLUSION OF NONLIQUID ASSETS FROM NEEDS ANALYSIS.

(a) PELL GRANT NEED ANALYSIS.—Section 411F(2) of the Higher Education Act of 1965 (20 U.S.C. 1070a–6(2)) is further amended—

(1) by inserting "(A)" after "(2)"; and

(2) by adding at the end thereof the following:

"(B) For award years beginning on or after July 1, 1991, the term 'assets' shall not include the net value of—

"(i) the family's principal place of residence;

"(ii) a family farm (as that term is defined in regulations prescribed by the Secretary of Agriculture pursuant to the Consolidated Farm and Rural Development Act) on which the family resides; or

"(iii) a small business (as that term is defined in regulations prescribed by the Administrator of the Small Business Administration pursuant to the

Small Business Act) substantially owned and managed by a member or members of the family. The Secretary shall, by regulation, provide criteria for determining whether a small business is substantially owned and managed by a member or members of the family.".

(b) GENERAL NEED ANALYSIS.—Section 480(g) of the Higher Education Act of 1965 (20 U.S.C. 1087vv(g)) is further amended—

(1) by inserting "(1)" after the subsection heading; and

(2) by adding at the end thereof the following:

"(2)(A) For academic years beginning on or after July 1, 1991, the term 'assets' shall not include the net value of—

"(i) the family's principal place of residence;

"(ii) a family farm (as that term is defined in regulations prescribed by the Secretary of Agriculture pursuant to the Consolidated Farm and Rural Development Act) on which the family resides; or

"(iii) a small business (as that term is defined in regulations prescribed by the Administrator of the Small Business Administration pursuant to the Small Business Act) substantially owned and managed by a member or members of the family.

"(B) The Secretary shall, by regulation, provide criteria for determining whether a small business is substantially owned and managed by a member or members of the family.".

SEC. 5. TREATMENT OF AWARD YEAR EARNINGS.

Section 443(b)(4) of the Act (20 U.S.C. 2753(b)(4)) is amended to read as follows:

"(4) provide that for a student employed in a work-study program under this part, at the time income derived from any need-based employment (including non-work-study or both) is in excess of the determination of the amount of such student's need by more than $200, continued employment shall not be subsidized with funds appropriated under this part;".

SEC. 6. RESTRICTION ON NEED ANALYSIS FOR PARENTS NOT ENROLLED IN DEGREE OR CERTIFICATE PROGRAM.

In sections 475 and 477 of the Act (20 U.S.C. 1087oo, 1087qq) insert at the end of subsection (b) the following: "For purposes of paragraph (3) of this subsection, the number of family members attending such a program does not include any parent who does not meet the requirements of section 484(a)(1) or 484(b)(2).".

SEC. 7. STUDENT CONTRIBUTION MODIFICATION.

Section 475(g)(1)(C) of the Act is amended by striking out "70 percent" and inserting in lieu thereof "not less than 50 percent".

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TESTIMONY BEFORE THE SUBCOMMITTEE ON
POSTSECONDARY EDUCATION
The Honorable Gerald Solomon
August 1, 1991

Mr. Chairman, thank you so much for giving me this opportunity to testify here today on a subject which is very important to anyone who requires financial assistance.

As you are aware, I have introduced legislation to amend the Higher Education Act of 1965 with regards to needs analysis. My bill, H.R. 933, would prevent double-counting of income in the conduct of needs analysis for student assistance.

There is an inequity in the Higher Education Act Amendments of 1986 which must be rectified. One provision mandates that 70% of a student's prior year income will be applied towards the calculation of his expected contribution for college costs and 35% of his/her assets will be included in the student's expected contribution. These assets include checking accounts, savings accounts, time deposits, money market funds, trusts, stocks, bonds, and other properties of value.

My bill specifically states, "No property (or interest therein) shall be treated as an asset of an individual or family if that individual or family has obtained that property or interest with funds that are treated, for purposes of this subpart, as part of that individual's or family's effective family income."

This means that if a student has kept his/her prior-year earned income in a savings or checking account or placed it in a money market account, it will not only be counted as income, but also as assets. This amounts to a double-counting of prior-year earned income as both earned income and assets so that a student may actually be expected to contribute more than he or she actually has earned. My bill would make sure that prior-year earned income will not be included as part of the student's assets.

This is a confusing issue but one that can easily be dealt with. The Education and Labor Committee and the Department of Labor have identified the problem of double-counting of earnings as income and assets as a "glitch" in the law which needs to be worked out and not endured at the expense of the student. We must act now to ensure that students working to pay their way through college are not penalized, but given the additional financial assistance that is needed!

It is time that we get serious about education and work to make education affordable. Not one person who wants to better their life by furthering their education should be denied that opportunity. It is through financial assistance programs that many students realize the goals of higher education. We need to make sure that programs established to assist students are doing so and not penalizing them for working hard and putting themselves through school.

I thank you for allowing me to be here today to testify before the distinguished committee and in closing I urge the Committee to incorporate the provisions of H.R. 933 into the Committee mark in order to correct the double-counting of student income when determining the needs analysis for financial assistance.

102D CONGRESS
1ST SESSION

H. R. 933

To amend the Higher Education Act of 1965 to prevent double-counting of income in the conduct of needs analysis for student assistance under that Act.

IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 6, 1991

Mr. SOLOMON introduced the following bill; which was referred to the Committee on Education and Labor

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A BILL

To amend the Higher Education Act of 1965 to prevent double-counting of income in the conduct of needs analysis for student assistance under that Act.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. PREVENTION OF DOUBLE-COUNTING OF INCOME IN ASSET COMPUTATIONS.

(a) PELL GRANT PROGRAM.—Section 411F(2) of the Higher Education Act of 1965 (20 U.S.C. 1070a–6(2)) is amended by adding at the end thereof the following: "No property (or interest therein) shall be treated as an asset of an individual or family if that individual or family has obtained that property or interest with funds that are treated,

for purposes of this subpart, as part of that individual's or family's effective family income.".

(b) OTHER STUDENT ASSISTANCE PROGRAMS.—Section 480(g) of such Act (20 U.S.C. 1087vv(g)) is amended by adding at the end thereof the following: "No property (or interest therein) shall be treated as part of the net worth of an individual or family if that individual or family has obtained that property or interest with funds that are treated, for purposes of this part, as part of that individual's or family's available income.".

SEC. 2. EFFECTIVE DATE.

The amendments made by this Act shall be effective for academic years beginning after the date of enactment of this Act.

○

Mr. HAYES. [presiding] Thank you Mrs. Roukema. The Chairman had to go to communicate with his office. He did not want to create any impression that he wasn't interested in your testimony in leaving.

Mrs. ROUKEMA. I know that's not the case, Mr. Chairman.

Mr. HAYES. I want to commend you for raising an issue that certainly this committee will have to deal with and, ultimately, the Congress itself will have to deal with it. We want to express our appreciation for your introduction of this piece of legislation.

Mr. Coleman?

Mr. COLEMAN. Thank you, Mr. Chairman. Let me say, too, that Marge and I have, I think, mutual interest and understanding of this issue. It is one which we are going to address because I think Mr. Ford is equally as interested in this as maybe 100 percent of this panel.

Your leadership on this issue has been very helpful in keeping it to the fore; to keep us recognizing this concern. I think the more people understand exactly what we are talking about here, the better support we will have. It is, in fact, a recognition that a program set up to help people who were in the middle income range and are now ineligible, and yet, do we really want them to have to sell the family farm, sell the family home, in order to accomplish what was originally not envisioned?

I want to thank the lady for all of her contributions, and look forward to having a very strong plank in our bill, recognizing the needs of middle income families. Thank you.

Mr. HAYES. Mr. Reed?

Mr. REED. I just, again, want to commend the gentlewoman from New Jersey for her critical role in this issue. It is an important issue. We all share your concerns, and appreciate your leadership not only on this committee but on the Banking Committee and in the House. Thank you.

Mr. HAYES. Mr. Petri?

Mr. PETRI. Thank you. I wonder what your reaction would be to having a cap on exclusion of a primary residence based on some amount of equity in the home, $500,000 or $1 million, or whatever?

Because, at some point, you have to go back to people who have no money but are working and living in an apartment and paying taxes, and say to them, "Your tax money is going to subsidize the loans to some people because they are unwilling to take out a second mortgage to pay for their kids' education at Princeton, New Jersey, or wherever, maybe Rutgers."

It's a little hard to justify in terms of equity. I know it's tough to pay on a mortgage, but it's tough to pay taxes too. I mean, I'm sensitive to the need, and there are people who may not have the cash flow, but at a certain point, if they do have a lot of equity, do you think that should be taken into account at all or not?

Mrs. ROUKEMA. There may be a way to take that into account. I qualify that by "may" be, because both the CRS reports and testimony from the NEA and even testimony from the College Scholarship Service Council Committee that does propose a cap indicates that it is difficult to apply it. As I look at the testimony of CSSCC from yesterday, they translate it into higher income families would qualify if it were eliminated completely.

I think they have not taken into consideration the full range of housing and real estate values as it applies—including farm values—as it applies across the country when they make that statement. I think their approach, and I'm willing to look into it—indeed I have staff working on that now. I think their approach still maintains the same regional bias that I see in the present formula.

If you're talking about million dollar homes, that may be a different question. But their cap is a much lower level, you understand. The income limitation may very well be acceptable, I think it's $30,000 or $40,000 in theirs. The income level that some on our committee are looking at of $20,000 I would find totally unacceptable. It would certainly not work throughout the Northeast, the Southeast, or the Far West, and certainly not in Hawaii.

We do have to look at this on a national basis. I'm willing to look at that, but so far I think it's too complex—the proposals that have been put forward—and perpetuating the same inequality that I see under the present formula. It is something to be looked at.

Mr. PETRI. Thank you.

Mr. HAYES. Mr. Andrews?

Mr. ANDREWS. Thank you, Mr. Chairman. I want to commend our colleague from New Jersey for her articulate statement this morning that reflects something that I've heard from many of my constituents in the southern part of New Jersey as well, that people are victimized by the rapid escalation of real estate values.

We have today a formula which misstates the impact of that value on the family's ability to pay for a higher education. I think that her contribution toward solving that problem is a very admirable one, and I look forward to working with her on it.

I wanted to ask you, Mrs. Roukema, there were yesterday two basic approaches given to us as to how to address this problem, as you know. The first called for exclusion of the home value from the calculation for persons below a certain income cutoff, as Mr. Petri just pointed out.

The administration's proposal was $20,000, which I find to be frankly unrealistic.

Mrs. ROUKEMA. Completely unrealistic.

Mr. ANDREWS. And I believe that the NEA's cutoff was $40,000. The other approach was one articulated, I believe, by the College Board and some others, that would cap the value in the calculation as a function of income, three times income. Which of those two approaches would you find most acceptable?

Mrs. ROUKEMA. The approach of the NEA is the far better approach, in my opinion, and it follows along with the approach that I've made, which essentially means you eliminate the total fixed asset value with an income cap. I don't presently have an income cap there. I don't know if $40,000 is the right income cap, but it sounds about right.

We are working those numbers and trying to see what that practically works out to in terms of the needs formula. The other approach, as I've stated from the testimony that I've reviewed from yesterday, the College Scholarship Service Council Committee, seems to be inadequate.

They, I don't think, have a true appreciation of what the impact would be across the country. I think it's too narrowly defined, and would still result in the same inequities that I see in the Northeast, and would know to be the case throughout the West, and certainly the Southwest, and the Southeast, where there are high income values that have really savaged the middle income people with respect to this kind of Congressional Methodology approach.

Mr. ANDREWS. Finally, I would just ask—there was some discussion yesterday of including in this exclusion or prohibition, certain business assets, certain assets of small business people. What would your reaction be to that?

Mrs. ROUKEMA. That is included in my bill, and I think that is a fair and equitable way of approaching it.

Mr. ANDREWS. Thank you very much.

Mr. HAYES. Congressman Jefferson?

Mr. JEFFERSON. I'd also like to thank the Congresswoman for what she has done to raise the debate on this issue. I agree fully with what you have said today about it, and though your arguments don't need any bolstering, it seems to me that there is maybe a further consideration here that may add strength to it even beyond what you have done today.

Income, it seems to me, is a fair measure often of the purchasing power. Though it may vary from region to region, it relates in some rough way to the purchasing power that is needed to get along in that region.

On the other hand, there is such a variance in the way that one reaches the values of homes, it depends on so many nuances of appraisal and of who the assessors are and so many other variables, until it is not a neutral standard. It is one that is really unfair and that is applied and arrived at in many different ways that often don't reflect a common thread of what the value is.

I think that this standard is in and of itself one that is incapable of being applied neutrally and, therefore, one that ought not to be a part of the standard criteria for a loan. It would seem to me that that would add to your argument, though you don't need any additional help. You made a good argument, and I really appreciate it.

Mrs. ROUKEMA. No, I need all the help I can get, Mr. Jefferson. I thank you very much for that observation. You are exactly correct. That is the regional bias result that I have referred to. Thank you.

Mr. JEFFERSON. You're welcome.

Mrs. ROUKEMA. Mr. Chairman, I'm sorry that Mr. Petri has left because I did want to address, in a historical context, his reference to not wanting to make high income people eligible for student loans. He is quite correct, and those of us on the committee like you, Mr. Chairman, and certainly Mr. Coleman, and others who were here in 1981 when we did the radical reform of the student loan program, that was our primary focus, to eliminate high-income people from the entitlement.

Those people at that time were frequently investing in high valued money market funds and taking student loans out at subsidized rates. We don't want to go back to that period, but we do want equity, as Mr. Jefferson has so adequately stated, and using the regional distortions and assessment distortions on real estate values is not equity in my opinion.

Mr. HAYES. Congresswoman Mink?

Mrs. MINK. Thank you, Mr. Chairman. I, too, want to commend you for raising this issue this morning because I think it's extremely important that we deal with it. I have cosponsored a bill that does exactly what you are proposing, and I'm very anxious to try and work out a formula. As I see it, it is not the value of the property per se, but it's the ability of the family to utilize the value of that property in terms of getting additional financial funds or mortgaging or whatever, home equity loans, and so forth.

If the family income doesn't justify obtaining additional funds because of their asset, then it serves no purpose to enable the student to go to college. I think if we looked at the family income as the basis for determining when the family residence is excluded and not included, then we will arrive at a place where both your situation and mine in my State will clearly eliminate the rich, the extremely high-priced property, and address the needs of these very modest homes that now have tremendous values simply because of what is going on in the economy.

Mrs. ROUKEMA. I think the more information we have, State to State, the clearer that will become, whether an income cap is sufficient or whether we should eliminate the fixed asset completely. I might also say to some members of the committee who may not have been here 2 or 3 years ago, this committee has already passed out legislation identical to this. It never did get to the floor at the time for other reasons. It was under the exemplary leadership of Mr. Williams at that time that we had passed such a reform. I would hope that we could do so again this year.

Mrs. MINK. Thank you very much. Thank you, Mr. Chairman.

Mr. HAYES. Congresswoman Lowey?

Mrs. LOWEY. Thank you, Mr. Chairman. I, too, want to congratulate my colleague, Mrs. Roukema, for bringing up this important piece of legislation. Certainly, in my community, this is a real problem given the inflated costs of a home. I look forward to working with you in determining the specifics of this legislation.

Clearly, the administration's proposal of $20,000 just doesn't make any sense. As to whether it should be $40,000 or $50,000 or how you evaluate a business, I think we need to look at this very closely to ensure that what we do is fair. Many families have a small business, and they have a home for which they worked all their life, and they've reached a point in their life where they have a minimum amount of income coming in. In some cases, it is really very little.

I think it is important that we work with these kinds of families to assist them in giving their youngsters that opportunity. I look forward to working with you, and I hope that we can reach an agreement that makes sense, that will really expand that opportunity to more and more students. Thank you very much.

Mr. HAYES. Thank you again for that excellent testimony. We look forward to moving with you on this legislation.

Mrs. ROUKEMA. Thank you very much, Mr. Chairman.

Mr. HAYES. The next panel is the Honorable Barbara Boxer and the Honorable Jim Ramstad. If you would come forward, please, we'd appreciate it.

STATEMENTS OF THE HONORABLE BARBARA BOXER, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF CALIFORNIA AND THE HONORABLE JIM RAMSTAD, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF MINNESOTA

Mrs. BOXER. Mr. Chairman, due to the time, and I expected to be finished by now, I wonder if I could go first. I have——

Mr. HAYES. I intended to have you go first.

Mrs. BOXER. That's very kind of you, and I appreciate it very, very much.

I was asked to testify today by Chairman Ford on an issue that is very important to many of us. I am the author of the Violence Against Women Act in the House. The prime mover and the real champion behind this bill is Senator Joe Biden. I was fortunate that he asked me to carry his bill.

Chairman Ford felt it would be appropriate for me to testify this morning. I want to make it clear that we would prefer that this bill be passed separately, the Violence Against Women Act, on its own, and it would have to go through this committee because the goal of the bill is to make campuses safe, to make homes safe, to make streets safe.

The Chairman asked me to come here today. I am ever so grateful for that opportunity. This committee, and particularly the Chairman, has had a long history of expanding and protecting equal opportunities for women in higher education.

Today the problem of rape and sexual assault on our Nations college campuses is driving some women from schools. It is an issue for this committee, in my view. We know that rape is a problem plaguing our streets, our homes, our campuses. H.R. 1502, the Violence Against Women Act, would take a comprehensive approach to this societal problem.

Among other things, it will strengthen our Nation's law enforcement efforts, increase funding for battered women shelters, and for security measures in public transit and public parks, and it would educate our youth. Specifically, Title IV, Safe Campuses for Women, would further our efforts to make our campuses safe and accessible for women.

Title IV of the bill is the one which would come to this committee, so I will just talk about that particular Title. According to a recent Senate Judiciary Committee report, the rate of sexual assaults is now increasing four times faster than the overall crime rate.

In 1990, a record 100,000 rapes were reported in the United States. Unfortunately, our college campuses, which we would like to think of as safe havens, are no safer. A 1990 study by the National Institutes of Mental Health found that one in four college women reported being the victim of rape or attempted rape.

I know this figure is often times looked at in a way that says, in the person judging it, "Could that possibly be true?" These are the issues and these are the numbers that have been given to us from the National Institute of Mental Health, and they have been gone over carefully by the Senate Judiciary Committee as shocking as they may seem.

From these figures, it was projected that one in seven women will be raped on campus. College women are a particularly high risk group. Statistics show that women aged 15 to 24 are the victims of the most acquaintance or date rapes.

Mr. Chairman, I'd like to submit for the record several reports done by the Project on the Status and Education of Women of the Association of American Colleges, on the problem of rape on college campuses. Mr. Chairman, may I submit for the record several reports done on this issue?

Chairman FORD. Without objection, they will be entered into the record.

Mrs. BOXER. Thank you, Mr. Chairman. This is not simply a matter of statistics. We are talking about women who drop out of school because of sexual assault, women who cannot study late at the library for fear of walking home in the dark, women who cannot hold jobs at night or participate in academic or extracurricular activities at times and places where they feel unsafe, women who are raped in their dorm rooms and fraternities and sororities and on dates.

Mr. Chairman, as shocking as it sounds, women are not free on college campuses today because they are constantly concerned about their safety. There are two parts of Title IV of my bill. First, I applaud this committee in its leadership and vision in passing last year's Student Right to Know and Campus Security Act.

As you know, it amended the Higher Education Act to require college campuses receiving student financial assistance to keep records of and disclose annual campus crime statistics to students and employees and prospective students and staff. My bill, Senator Biden's and mine, the one that is cosponsored by 116 of our colleagues here, would strengthen this act by amending the list of crimes that must be reported.

As the act currently stands, campuses must report murder, rape, robbery, aggravated assault, burglary, and motor vehicle theft. However, they are not mandated to report sexual assaults. It's a classification which many States and institutions use to mean rape.

The inclusion of sexual assault along with rape would assure more consistency among campuses and bring this law closer to the terms used by the FBI. The Assistant Attorney General, W. Lee Rawls, in a letter to Senator Biden, supports this technical amendment.

Second, my bill would set up the first ever Federal Rape Education and Prevention grant program for college campuses. I agree with you, Mr. Chairman, that we must start educating young people at an early age. That is why Title I of my bill provides $5 million for education for primary and secondary students on violence against women.

Likewise, Title IV would authorize $20 million to set up model demonstration projects that would help to prevent campus rape, educate students on sexual assault, provide victim support services, and develop campus security police.

Many college campuses have started to respond to this epidemic. For example, beginning this fall, the College of William and Mary will require all freshman to attend a workshop on sexual assault and harassment. In Wisconsin, public institutions must include a

component on sexual assault in their freshmen orientation, but there is no consistency in the types of approaches being taken by our Nation's over 3,000 campuses to deal with this problem.

The Federal Government can provide some leadership in helping universities develop model programs and in disseminating information on these programs. Of course, any Federal grant program will require proper management and clear guidelines on how these funds should be used. That is what the regulations would provide for, if we are fortunate to pass this bill. By the way, the bill has been passed already in the Senate Judiciary Committee.

In conclusion, I thank the committee for its leadership in promoting the access and safety of women on college campuses, but we live in a different world today, one that requires us to act now to educate and work to stop the problem of campus rape.

It's unacceptable and a tragedy that even one woman must go through the trauma of rape on campus. If our efforts help even one woman avoid this fate, we will have taken a step in the right direction.

Mr. Chairman, I really do appreciate your inviting me here today. It was your initiative to do that. I really do appreciate it. If you have questions for me now, I would be glad to answer them. If not, I can answer them in writing to you at a future date.

[The prepared statement of Hon. Barbara Boxer follows:]

47-525 0 - 92 - 6

BARBARA BOXER
6TH DISTRICT, CALIFORNIA

CHAIR
GOVERNMENT ACTIVITIES AND
TRANSPORTATION SUBCOMMITTEE
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COMMITTEE ON ARMED SERVICES

SELECT COMMITTEE ON CHILDREN,
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Testimony by Representative Boxer
Before the Subcommittee on Postsecondary Education
Title IV, the Violence Against Women Act

Mr. Chairman, and the members of the Committee, thank you for this opportunity to talk to you today. This Committee, and particularly the Chairman, has had a long history of expanding and protecting equal opportunities for women in higher education. Today, the problem of rape and sexual assault on our nation's college campuses is driving women from some schools. So, it is an issue for your Committee.

We know that rape is a problem plaguing our streets, our homes, and our college campuses. H.R. 1502, the Violence Against Women Act, would take a comprehensive approach to this societal problem. Among other things, it will strengthen our nation's law enforcement efforts, increase funding for battered women's shelters, and for security measures in public transit and public parks, and educate our youth. Specifically, Title IV, "Safe Campuses for Women," would further our efforts to make our campuses safe and accessible for women.

According to a recent Senate Judiciary Committee report, the rate of sexual assaults is now increasing four times faster than the overall crime rate. In 1990, a record 100,000 rapes were reported in the United States. Unfortunately, our college campuses which we would like to think of as safe havens, are no safer. A 1990 study by the National Institutes of Mental Health found that 1 in 4 college women reported being the victim of rape or attempted rape. From these figures, it was projected that one in seven women will be raped on campus. College women are a particularly high risk group. Statistics show that women age 15 to 24 are the victims of the most acquaintance, or "date" rapes.

Mr. Chairman, I would like to submit for the record several reports done by the Project on the Status and Education of Women of the Association of American Colleges on the problem of rape on college campuses.

This is not simply a matter of statistics. We are talking about women who drop out of school because of a sexual assault. Women who cannot study late at the library for fear of walking home in the dark. Women who cannot hold jobs at night or participate in academic or extracurricular activities at times and places which they feel unsafe. Women who are raped in their dorm rooms, in fraternities and sororities, and on dates.

There are two parts of Title IV of my bill. First, I applaud this Committee in its leadership and vision in passing last year's Student Right-to-Know and Campus Security Act. As you know, it amended the Higher Education Act to require college campuses receiving student financial assistance to keep records of and disclose annual campus crime statistics to students and employees, and prospective students and staff. My bill would strengthen this act by amending the list of crimes that must be reported.

As the act currently stands, campuses must report murder, rape, robbery, aggravated assault, burglary and motor vehicle theft. However, they are not mandated to report sexual assaults, a classification which many states and institutions use to mean rape. The inclusion of sexual assault along with rape would ensure more consistency among campuses and bring this law closer to the terms used by the FBI. The Assistant Attorney General, W. Lee Rawls, in a letter to Senator Biden, supported this technical amendment.

Second, my bill would set up the first ever federal rape education and prevention grant program for college campuses. I agree with you, Mr. Chairman, that we must start educating young people at an early age. That is why Title I of my bill provides $5 million for education for primary and secondary students on violence against women. Likewise, Title IV would authorize $20 million to set up model demonstration projects that will help prevent campus rape, educate students on sexual assault, provide victim support services, and develop campus security policies.

Many college campuses have started to respond to this epidemic. For example, beginning this fall, the College of William and Mary will require all freshmen to attend a workshop on sexual assault and harassment. In Wisconsin, public institutions must include a component on sexual assault in their freshman orientation. But there is no consistency in the types of approaches taken by our nation's over 3000 campuses to deal with this problem.

The federal government can provide some leadership in helping universities develop model programs and in disseminating information on these programs. Of course, any federal grant program will require proper management and clear guidelines on how these funds should be used.

In conclusion, I thank the Committee for its leadership in promoting the access and safety of women on college campuses. But we live in a different world today, one that requires us to act now to educate and work to stop the problem of campus rape. It is unacceptable and a tragedy that even one woman must go through the trauma of rape on campus; and if our efforts help even one woman avoid this fate, we will have taken a step in the right direction.

TITLE IV—SAFE CAMPUSES FOR WOMEN

SEC. 401. SHORT TITLE.

This title may be cited as the "Safe Campuses for Women Act".

SEC. 402. FINDINGS.

The Congress finds that—

(1) rape prevention and education programs are essential to an educational environment free of fear for students' personal safety;

(2) sexual assault on campus, whether by fellow students or not, is widespread among the Nation's higher education institutions, experts estimate that 1 in 7 of the women now in college have been raped and over half of college rape victims know their attackers;

(3) sexual assault poses a grave threat to the physical and mental well-being of students and may significantly impair the learning process; and

(4) action by schools to educate students may make substantial inroads on the incidence of rape, including the incidence of acquaintance rape on campus.

SEC. 403. GRANTS FOR CAMPUS RAPE EDUCATION.

Title X of the Higher Education Act of 1965 is amended to add at the end the following:

"PART D—GRANTS FOR CAMPUS RAPE EDUCATION

"SEC. 1071. GRANTS FOR CAMPUS RAPE EDUCATION.

"(a) IN GENERAL.—(1) The Secretary of Education is authorized to make grants to or enter into contracts with institutions of higher education for rape education and prevention programs under this section.

"(2) The Secretary shall make financial assistance available on a competitive basis under this section. An institution of higher education or consortium of such institutions which desires to receive a grant or enter into a contract under this section shall submit an application to the Secretary at such time, in such manner, and containing or accompanied by such information as the Secretary may reasonably require in accordance with regulations.

"(3) The Secretary shall make every effort to ensure the equitable participation of private and public institutions of higher education and to ensure the equitable geographic participation of such institutions. In the award of grants and contracts under this section, the Secretary shall give priority to institutions who show the greatest need for the sums requested.

"(4) Not less than 50 percent of sums available for the purposes of this section shall be used to make grants under subsection (c) of this section.

"(b) GENERAL RAPE PREVENTION AND EDUCATION GRANTS.—Grants under this section shall be used to educate and provide support services to student victims of rape or sexual assault. Grants may be used for the following purposes:

"(1) to provide training for campus security and college personnel, including campus disciplinary or judicial boards, that address the issues of rape, sexual assault, and other gender-motivated crimes;

"(2) to develop, disseminate, or implement campus security and student disciplinary policies to prevent and discipline rape, sexual assault, and other gender-motivated crimes;

"(3) to develop, enlarge, or strengthen support services programs including medical or psychological counseling to assist victims' recovery from rape, sexual assault, or other gender-motivated crimes;

"(4) to create, disseminate, or otherwise provide assistance and information about victims' options on and off campus to bring disciplinary or other legal action; and

"(5) to implement, operate, or improve rape education and prevention programs, including programs making use of peer-to-peer education.

"(c) MODEL GRANTS.—Not less than 25 percent of the funds authorized under this section shall be available for grants for model demonstration programs to be coordinated with local rape crisis centers for the development and implementation of quality rape prevention and education curricula and for local programs to provide services to student rape victims.

"(d) ELIGIBILITY.—No institution of higher education or consortium of such institutions shall be eligible for a grant under this section unless—

"(1) its student code of conduct, or other written policy governing student behavior, explicitly prohibits not only rape but all forms of sexual assault; and

"(2) it has in effect and implements a written policy requiring the disclosure to the victim of any sexual assault the outcome of any investigation by campus police or campus disciplinary proceedings brought pursuant to the victim's complaint against the alleged perpetrator of the sexual assault, except that nothing in this section shall be interpreted to

authorize disclosure to any person other than the victim.

"(e) APPLICATIONS.—(1) In order to be eligible to receive a grant under this section for any fiscal year, an institution of higher education, or consortium of such institutions, shall submit an application to the Secretary at such time and in such manner as the Secretary shall prescribe.

"(2) Each such application shall—

"(A) set forth the activities and programs to be carried out with funds granted under this part;

"(B) contain an estimate of the cost for the establishment and operation of such programs;

"(C) explain how the program intends to address the issue of acquaintance rape;

"(D) provide assurances that the Federal funds made available under this section shall be used to supplement and, to the extent practical, to increase the level of funds that would, in the absence of such Federal funds, be made available by the applicant for the purpose described in this part, and in no case to supplant such funds; and

"(E) include such other information and assurances as the Secretary reasonably determines to be necessary.

"(f) GRANTEE REPORTING.—Upon completion of the grant period under this section, the grantee institution or consortium of institutions shall file a performance report with the Secretary explaining the activities carried out together with an assessment of the effectiveness of those activities in achieving the purposes of this section. The Secretary shall suspend funding for an approved application if an applicant fails to submit an annual performance report.

"(g) DEFINITIONS.—(1) Except as otherwise provided, the terms used in this part shall have the meaning provided under section 2981 of this title.

"(2) For purposes of this subchapter, the following terms have the following meanings—

"(A) the term 'rape education and prevention' includes programs that provide educational seminars, peer-to-peer counseling, operation of hotlines, self-defense courses, the preparation of informational materials, and any other effort to increase campus awareness of the facts about, or to help prevent, sexual assault; and

"(B) the term 'Secretary' means the Secretary of Education.

"(h) GENERAL TERMS AND CONDITIONS.—(1) REGULATIONS.—No later than 45 days after the date of enact-

ment of this section, the Secretary shall publish proposed regulations implementing this section. No later than 120 days after such date, the Secretary shall publish final regulations implementing this section.

"(2) No later than 180 days after the end of each fiscal year for which grants are made under this section, the Secretary shall submit to the committees of the House of Representatives and the Senate responsible for issues relating to higher education and to crime, a report that includes—

"(A) the amount of grants made under this section;

"(B) a summary of the purposes for which those grants were provided and an evaluation of their progress; and

"(C) a copy of each grantee report filed pursuant to subsection (f) of this section.

"(3) For the purpose of carrying out this subchapter, there are authorized to be appropriated $20,000,000 for the fiscal year 1992, and such sums as may be necessary for each of the fiscal years 1993, 1994, and 1995.".

SEC. 404. REQUIRED CAMPUS REPORTING OF SEXUAL ASSAULT.

Section 485(f)(1)(F) of the General Education Provisions Act (20 U.S.C. 1092) is amended to read as follows:

"(F) Statistics concerning the occurrence on campus, during the most recent school year, and during the 2 preceding school years for which data are available, of the following criminal offenses reported to campus security authorities or local police agencies—

"(i) murder;

"(ii) rape or sexual assault;

"(iii) robbery;

"(iv) aggravated assault;

"(v) burglary; and

"(vi) motor vehicle theft.".

TITLE V—EQUAL JUSTICE FOR WOMEN IN THE COURTS

SECTION 501. SHORT TITLE.

This title may be cited as the "Equal Justice for Women in the Courts Act".

Subtitle A—Education and Training for Judges and Court Personnel in State Courts

SEC. 511. GRANTS AUTHORIZED.

The State Justice Institute is authorized to award grants for the purpose of developing, testing, presenting, and disseminating model programs to be used by States in training judges and court personnel in the laws of the

States on rape, sexual assault, domestic violence, and other crimes of violence motivated by the victim's gender.

SEC. 512. TRAINING PROVIDED BY GRANTS.

Training provided pursuant to grants made under this subtitle may include current information, existing studies, or current data on—

(1) the nature and incidence of rape and sexual assault by strangers and nonstrangers, marital rape, and incest;

(2) the underreporting of rape, sexual assault, and child sexual abuse;

(3) the physical, psychological, and economic impact of rape and sexual assault on the victim, the costs to society, and the implications for sentencing;

(4) the psychology of sex offenders, their high rate of recidivism, and the implications for sentencing;

(5) the historical evolution of laws and attitudes on rape and sexual assault;

(6) sex stereotyping of female and male victims of rape and sexual assault, racial stereotyping of rape victims and defendants, and the impact of such stereotypes on credibility of witnesses, sentencing, and other aspects of the administration of justice;

(7) application of rape shield laws and other limits on introduction of evidence that may subject victims to improper sex stereotyping and harassment in both rape and nonrape cases, including the need for sua sponte judicial intervention in inappropriate cross-examination;

(8) the use of expert witness testimony on rape trauma syndrome, child sexual abuse accommodation syndrome, post-traumatic stress syndrome, and similar issues;

(9) the legitimate reasons why victims of rape, sexual assault, domestic violence, and incest may refuse to testify against a defendant;

(10) the nature and incidence of domestic violence;

(11) the physical, psychological, and economic impact of domestic violence on the victim, the costs to society, and the implications for court procedures and sentencing;

(12) the psychology and self-presentation of batterers and victims and the negative implications for court proceedings and credibility of witnesses;

(13) sex stereotyping of female and male victims of domestic violence, myths about presence or absence of domestic violence in certain racial, ethnic,

religious, or socioeconomic groups, and their impact on the administration of justice;

(14) historical evolution of laws and attitudes on domestic violence;

(15) proper and improper interpretations of the defenses of self-defense and provocation, and the use of expert witness testimony on battered woman syndrome;

(16) the likelihood of retaliation, recidivism, and escalation of violence by batterers, and the potential impact of incarceration and other meaningful sanctions for acts of domestic violence including violations of orders of protection;

(17) economic, psychological, social and institutional reasons for victims' inability to leave the batterer, to report domestic violence or to follow through on complaints, including the influence of lack of support from police, judges, and court personnel, and the legitimate reasons why victims of domestic violence may refuse to testify against a defendant and should not be held in contempt;

(18) the need for orders of protection, and the negative implications of mutual orders of protection, dual arrest policies, and mediation in domestic violence cases;

(19) recognition of and response to gender-motivated crimes of violence other than rape, sexual assault and domestic violence, such as mass or serial murder motivated by the gender of the victims; and

(20) current information on the impact of pornography on crimes against women, or data on other activities that tend to degrade women.

SEC. 513. COOPERATION IN DEVELOPING PROGRAMS IN MAKING GRANTS UNDER THIS TITLE.

The State Justice Institute shall ensure that model programs carried out pursuant to grants made under this subtitle are developed with the participation of law enforcement officials, public and private nonprofit victim advocates, legal experts, prosecutors, defense attorneys, and recognized experts on gender bias in the courts.

SEC. 514. AUTHORIZATION OF APPROPRIATIONS.

There is authorized to be appropriated for fiscal year 1992, $600,000 to carry out the purposes of this subtitle. Of amounts appropriated under this section, the State Justice Institute shall expend no less than 40 percent on model programs regarding domestic violence and no less than 40 percent on model programs regarding rape and sexual assault.

Subtitle B—Education and Training for Judges and Court Personnel in Federal Courts

SEC. 521. EDUCATION AND TRAINING GRANTS.

(a) STUDY.—The Federal Judicial Center shall conduct a study of the nature and extent of gender bias in the Federal courts, including in proceedings involving rape, sexual assault, domestic violence, and other crimes of violence motivated by gender. The study shall be conducted by the use of data collection techniques such as reviews of trial and appellate opinions and transcripts, public hearings, and inquiries to attorneys practicing in the Federal courts. The Federal Judicial Center shall publicly issue a final report containing a detailed description of the findings and conclusions of the study, including such recommendations for legislative, administrative, and judicial action as it considers appropriate.

(b) MODEL PROGRAMS.—

(1) The Federal Judicial Center shall develop, test, present, and disseminate model programs to be used in training Federal judges and court personnel in the laws on rape, sexual assault, domestic violence, and other crimes of violence motivated by the victim's gender.

(2) The training programs developed under this subsection shall include—

(A) all of the topics listed in section 512; and

(B) all procedural and substantive aspects of the legal rights and remedies for violent crime motivated by gender including such areas as the Federal penalties for sex crimes, interstate enforcement of laws against domestic violence and civil rights remedies for violent crimes motivated by gender.

SEC. 522. COOPERATION IN DEVELOPING PROGRAMS.

In implementing this subtitle, the Federal Judicial Center shall ensure that the study and model programs are developed with the participation of law enforcement officials, public and private nonprofit victim advocates, legal experts, prosecutors, defense attorneys, and recognized experts on gender bias in the courts.

SEC. 523. AUTHORIZATION OF APPROPRIATIONS.

There is authorized to be appropriated for fiscal year 1992, $400,000 to carry out the purposes of this subtitle. Of amounts appropriated under this section, no less than 25 percent and no more than 40 percent shall be expended by the Federal Judicial Center on the study required by section 521(a).

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Chairman FORD. Thank you very much. We'll hear from Mr. Ramstad.

Mrs. BOXER. Okay, I can wait. Go right ahead.

Mr. RAMSTAD. Thank you, Mr. Chairman, members of the subcommittee, for this opportunity to appear before you. I commend your leadership and commitment in the area of higher education, each and every one of you.

Today I come before you to urge passage of H.R. 2363, the Campus Sexual Assault Victims Bill of Rights Act. To understand the need for this legislation, imagine what it must be like for an 18-year-old college woman, having just left the security of her home and family, to be raped by a fellow student.

Typically, this rape victim experiences feelings of confusion, fear, and shame immediately following the attack. At this time of crisis, she is most vulnerable and needs strong support and sound legal advice. Then imagine how much more she would suffer if campus authorities were to blame her for the rape, discourage her from contacting the police, and fail to take action to protect her and other women from the rapist.

Unfortunately, this scenario has occurred far too frequently on many college and university campuses across our Nation. The time has come for Congress to do something about it. The incidence of rape on campus has reached epidemic levels. Every 21 hours, a young woman is reported raped on college campuses.

Studies show, as Congresswoman Boxer pointed out, as many as one in four women will be the victim of rape or attempted rape during her college career. This may be only the tip of the iceberg. Rape is our Nation's most underreported crime. Ninety percent of all criminal sexual conduct crimes are believed to go unreported.

Underreporting occurs for a variety of reasons. Some victims feel ashamed and afraid, some are unaware of their legal rights, some doubt the accused will ever be punished, and far too many are actively discouraged from reporting by campus authorities.

The result is that, while so many women continue to be victim of the heinous crime of rape, only 1 of every 100 campus rapists is ever prosecuted—one of a hundred campus rapists is ever prosecuted.

Across the country, rape victims, their parents, and victim's rights groups have pointed to the way campus authorities have handled allegations of sexual assault as a major problem that must be solved in order to curb the epidemic of sexual violence on college campuses.

Mr. Chairman and members of the subcommittee, I think most of you know the Cleary's. Howard and Connie Cleary started Security on Campus. Don Baldwin—three parents whose daughters have been victimized by criminal sexual conduct. Of course, in the Cleary's case the crime went even further to becoming a homicide.

Their tireless, dedicated commitment on behalf of victims of campus sexual assault is certainly an inspiration to all of us who care about these victims. As the Chairman and the members of this subcommittee know, they were instrumental in passage of the Student Right to Know and the Campus Security Act. They are the ones who are primarily responsible for this bill that is before the committee today.

In many cases, colleges and universities have taken it upon themselves to serve as judge and jury in what should definitely be a criminal proceeding. They have set themselves up as substitutes for our criminal justice system. However, they are not as impartial, nor as fair, as our judicial system.

Nowhere else in this country are private institutions given the right to adjudicate such serious crimes. Campus authorities do victims and communities a great disservice by overstepping their bounds in adjudicating these criminal cases. Because the business of higher education is highly competitive and relies heavily on a positive image for recruiting and for fundraising, campuses have a natural desire to avoid negative publicity and have downplayed sexual assault crimes at the expense of victims.

It's time to take action to make sure that campus sexual victims are made aware of their legal rights and are assisted in gathering evidence for criminal prosecutions.

First, victims should have the same representation at college disciplinary proceedings as accused rapists. They should also be notified of the outcome, which this legislation provides.

Second, campus authorities should provide victims with housing that prevents unwanted contact with accused rapists. Third, victims should have the right to have sexual assaults investigated by the police. Fourth, such victims should be free from pressure to not report these crimes to legal authorities.

Also, victims should have the right to have campus authorities help obtain evidence of crimes of sexual assault. If these rights and responsibilities, Mr. Chairman, are codified and guaranteed, both victims and campus authorities would be better able to act in the best interests of victims.

This would benefit victims by ensuring that their rights would be respected, and benefit colleges and universities by making potential applicants and their parents more confident about campus security. This Campus Sexual Assault Victims Bill of Rights Act, which I have introduced, which now has 93 cosponsors, outlines these basic rights and ensures that campus authorities work in the victim's best interest.

This legislation also sends a message both campuswide and nationwide that incidents of sexual assault will not be tolerated or swept under the rug. With 6,000 rapes expected to occur on college campuses this year alone, Congress must act now to solve this problem. This bill has strong bipartisan support, as I mentioned, of 93 cosponsors in the House, including, I'm grateful to say, 12 members of this subcommittee.

It also has the support of the United States Student Association—they are represented here today—and numerous victims' rights groups across this country. The Senate companion bill was recently introduced by Senate Judiciary Committee Biden. Mr. Chairman, I think it's important to point out that this legislation complements H.R. 1502, sponsored by Congresswoman Boxer, the Violence Against Women Act, of which I am proud to be a cosponsor.

Again, I appreciate the opportunity to testify before the subcommittee on behalf of this important legislation. I urge the subcommittee to act now in the interest of campus sexual assault victims and pass this legislation. Thank you, Mr. Chairman.

[The prepared statement of Hon. Jim Ramstad follows:]

STATEMENT OF

CONGRESSMAN JIM RAMSTAD

IN SUPPORT OF

THE CAMPUS SEXUAL ASSAULT VICTIMS BILL OF RIGHTS ACT

AUGUST 1, 1991

Mr. Chairman, members of the subcommittee, thank you for this opportunity to appear before you.

Today, I come before the subcommittee to urge passage of H.R. 2363, the Campus Sexual Assault Victim's Bill of Rights Act.

To understand the need for this legislation, imagine what it must be like for an 18 year-old college woman - having just left the security of her home and family - to be raped by a fellow student.

Typically, this rape victim would experience feelings of confusion, fear, and shame immediately following the attack. At this time of crisis she is most vulnerable and needs strong support and sound legal advice.

Then imagine how much more she would suffer if campus authorities were to blame her for the rape, discourage her from contacting the police and fail to take action to protect her and other women from the rapist.

Unfortunately, this scenario has occurred too frequently on many college and university campuses across the nation. And the time has come for Congress to do something about it.

The incidence of rape on campus has reached epidemic levels. Every 21 hours, a young woman is reported raped on college campuses. Studies show as many as one in four women will be the victim of rape or attempted rape during her college career.

And this may only be the tip of the iceberg. Rape is one of our nation's most under-reported crimes; 90% of all rapes are believed to go unreported.

Under-reporting occurs for a variety of reasons. Some victims feel ashamed and afraid, some are unaware of their legal rights, and some doubt the accused will ever be punished.

The result is that while so many women continue to be victims of the heinous crime of rape, only one or two of every 100 campus rapists is ever prosecuted.

Across the country, rape victims, their parents, and victims rights groups have pointed to the way campus authorities handle allegations of sexual assault as a major problem that must be solved in order to curb the epidemic of sexual violence on college campuses.

In many cases, colleges and universities have taken it upon themselves to serve as judge and jury in what should be a criminal proceeding. They have set themselves up as substitutes for our criminal justice system. However, they are not as impartial nor as fair as our judicial system.

Nowhere else in this country are private institutions given the right to adjudicate such serious crimes. Campus authorities do victims and communities a great disservice by overstepping their bounds in adjudicating these criminal cases.

Because the business of higher education is highly competitive and relies heavily on a positive image for recruiting and fund raising, campuses have a natural desire to avoid negative publicity and have downplayed sexual assault crimes at the expense of victims.

It's time to take action tc make sure campus sexual victims are made aware of their legal rights and assisted in gathering evidence for criminal prosecution.

Victims must be represented at college disciplinary proceedings and notified of the outcome. And campuses authorities must provide victims housing that prevents unwanted contact with accused rapists.

If these rights and responsibilities are clarified and guaranteed, both victims and campus authorities will be better able to act in the best interest of victims.

This would benefit victims by ensuring that their rights will be respected, and benefit colleges and universities by making potential applicants and their parents more confident about campus safety.

Recently, I introduced the "Campus Sexual Assault Victims Bill of Rights Act." This legislation outlines these basic rights and ensures that campus authorities work in the victims' best interests.

It also sends a message both campus-wide and nation-wide that incidents of sexual assault will not be tolerated or swept under the rug. With 6,000 rapes expected to occur on college campuses this year, Congress must act now to solve this problem.

This bill has the strong bipartisan support of 92 cosponsors in the House, including 12 members of this subcommittee. A Senate companion bill was recently introduced by Senate Judiciary Committee Chairman Joe Biden.

Again, I appreciate the opportunity to testify before the subcommittee on behalf of this important legislation. I strongly urge the subcommitee to now act in the interest of campus sexual assault victims and pass this legislation so it can be brought to the House floor.

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102D CONGRESS
1ST SESSION

H. R. 2363

To amend the provisions of the Higher Education Act of 1965 relating to treatment by campus officials of sexual assault victims.

IN THE HOUSE OF REPRESENTATIVES

MAY 15, 1991

Mr. RAMSTAD (for himself, Mr. GOODLING, Mr. MOLINARI, Mr. BLILEY, Mr. LEVINE of California, Ms. SNOWE, Mrs. SCHROEDER, Mr. GINGRICH, Mr. HYDE, Mr. CAMPBELL of California, Mr. STARK, Mr. WEBER, Mr. RANGEL, Mr. KLUG, Mrs. LLOYD, Mr. VENTO, Mr. ZELIFF, Mr. PAYNE of New Jersey, Mr. BOEHLERT, Ms. WATERS, Mr. COUGHLIN, Mr. PENNY, Mr. SENSENBRENNER, Mr. FRANK of Massachusetts, Mr. CHANDLER, Mr. ROEMER, Mr. MCGRATH, Mr. PETERSON of Minnesota, Mr. HOUGHTON, Mr. ABERCROMBIE, Mr. FRANKS of Connecticut, Mr. SANTORUM, Mr. GUNDERSON, Mr. PAXON, Mrs. ROUKEMA, Mr. GOSS, Mr. RIDGE, Mr. MCEWEN, Mr. GRANDY, Mr. SCHIFF, Mr. EMERSON, Mr. LEWIS of California, Mr. GEKAS, Ms. ROS-LEHTINEN, Mrs. JOHNSON of Connecticut, Mr. VANDER JAGT, Mr. CAMP, Mrs. VUCANOVICH, Mr. STEARNS, Mr. ARMEY, Mrs. MEYERS of Kansas, Mr. SHAYS, and Mr. SMITH of New Jersey) introduced the following bill; which was referred to the Committee on Education and Labor

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A BILL

To amend the provisions of the Higher Education Act of 1965 relating to treatment by campus officials of sexual assault victims.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Campus Sexual Assault Victims' Bill of Rights Act of 1991".

SEC. 2. AMENDMENT.

Section 485 of the Higher Education Act of 1965 (20 U.S.C. 1092(f)) is amended—

(1) by adding at the end of paragraph (1) of subsection (f) the following new subparagraph:

"(J) A statement of policy regarding the rights of victims of sexual assault that complies with the requirements of subsection (g)."; and

(2) by adding at the end thereof the following new subsection:

"(g) POLICY REGARDING THE VICTIMS OF SEXUAL ASSAULTS.—

"(1) REQUIREMENTS.—Each institution of higher education shall establish and implement a written policy establishing a campus sexual assault victims' bill of rights which provides that the following rights shall be accorded, by all campus officers, administrators and employees of such institution, to victims of campus-related sexual assaults:

"(A) The right to have any and all sexual assaults against them treated with seriousness; the right, as victims, to be treated with dignity;

and the right for campus organizations which assist such victims to be accorded recognition.

"(B) The right to have sexual assaults committed against them investigated and adjudicated by the duly constituted criminal and civil authorities of the governmental entity in which the crimes occurred; and the right to the full and prompt cooperation and assistance of campus personnel in notifying the proper authorities. The foregoing shall be in addition to any campus disciplinary proceedings.

"(C) The right to be free from any kind of pressure from campus personnel that victims (i) not report crimes committed against them to civil and criminal authorities or to campus law enforcement and disciplinary officials; or (ii) report crimes as lesser offenses than the victims perceive them to be.

"(D) The right to be free from any kind of suggestion that campus sexual assault victims not report, or under-report, crimes because—

"(i) victims are somehow 'responsible' for the commission of crimes against them;

"(ii) victims were contributorily negligent or assumed the risk of being assaulted; or

"(iii) by reporting crimes they would incur unwanted personal publicity.

"(E) The same right to legal assistance, or ability to have others present, in any campus disciplinary proceeding that the institution permits to the accused; and the right to be notified of the outcome of such proceeding.

"(F) The right to full and prompt cooperation from campus personnel in obtaining, securing, and maintaining evidence (including a medical examination) as may be necessary to the proof of criminal sexual assault in subsequent legal proceedings.

"(G) The right to be made aware of, and assisted in exercising any options, as provided by State and Federal laws or regulations, with regard to mandatory testing of sexual assault suspects for communicable diseases and with regard to notification to victims of the results of such testing.

"(H) The right to counseling from any mental health services previously established by

the institution, or by other victim-service entities, or by victims themselves.

"(I) After campus sexual assaults have been reported, the victims of such crimes shall have the right to require that campus personnel take the necessary steps or actions reasonably feasible to prevent any unnecessary or unwanted contact or proximity with alleged assailants, including immediate relocation of the victim to safe and secure alternative housing, and transfer of classes if requested by the victims.

"(J) In addition to the above rights, students, whether sexual assault victims or not, have a right to habitability in campus housing and in campus accommodations for which the college receives any compensation, direct or indirect.

"(2) DEFINITION.—For purposes of this subparagraph, 'habitability' shall mean an environment free from sexual or physical intimidation, or any other continuing disruptive behavior by persons sharing rooms or their guests, that is of such a serious nature as would prevent a reasonable person from attaining their educational goals. Substantiated violations of the above-listed habitability provisions

shall be corrected by campus personnel by relocation of the complainant to acceptable, safe and secure alternative housing as soon as practicable, unless the conditions of nonhabitability demonstrate the necessity of immediate action by campus personnel.".

SEC 3. CONFORMING AMENDMENT.

Section 487(a) of the Higher Education Act of 1965 (20 U.S.C. 1094(a)) is amended by adding at the end thereof the following new paragraph:

"(13) The institution certifies that it complies with the requirements of section 485(g).".

SEC. 4. EFFECTIVE DATE.

The amendments made by this section shall take effect on September 1, 1992.

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Chairman FORD. [presiding] Thank you both for bringing this matter to us before we conclude our hearings on reauthorization. I have to be fair with both of you and tell you that I think you present us with more problems than this subcommittee is capable of solving.

In the first instance, Mrs. Boxer's bill is in the nature of an education and prevention bill. How does this connect to a college campus as distinguished from a factory or a supermarket or a drive-in movie or some other locus where you might keep statistics about assaults of all kinds?

Observing, as Mrs. Boxer just did, that the new terminology is no longer rape. It certainly isn't in my State. In order to avoid the highly technical problems of prosecuting common law rape cases, most of the States have adopted new statutes, and they deal with first, second, and third degree sexual assaults.

I haven't practiced in the courtroom since that's been the law in my State, but I was a judge and a prosecutor and a defense lawyer when we tried to try those cases under the old common law definition. They were difficult. They did require a very high degree of proof in circumstances that were very often almost impossible to determine except from the word of two individuals involved.

In my time, we talked about rape as only happening to women. That's no longer the case in the criminal sexual assault laws of the States.

Now, when we get over to Mr. Ramstad's bill, it takes a different approach. It talks about all of the institutions receiving Title IV assistance for students at their institution, giving an assurance as a part of their qualification for student aid to the Department of Education. I think it is at the very end of your bill, Mr. Ramstad——

Mr. RAMSTAD. That's right, Mr. Chairman, on page 6.

Chairman FORD. "The institution certifies that it complies with the requirements of Section 485," which is where you set out a number of rights of students, and so on. It means that every postsecondary institution, wherever located, to qualify its students for some $18 billion a year that comes out under these programs, would have to certify this.

Both of you raise questions with me when you use the word "campus," and when you talk about young girls in college. The truth of the matter is that the majority of—59 percent of the female's attending postsecondary education today are over the age of 22. I raise the question with Mrs. Boxer: Why would we start educating our daughters about the danger of sexual assault at that age? Why isn't this a program placed where we put emphasis on prevention information and education in the grade school and secondary schools and middle school at the latest?

I didn't wait until my daughter was in high school to talk to her about it, and I trust that she hasn't waited that long to talk to my granddaughter. I think if you are looking for a place to make young women conscious of a danger in society that they ought to deal with, from the educational point of view, we ought to be looking at this in the elementary and secondary act, not in the reauthorization of the Higher Education Act.

Second, the word "campus" is very hard for us to perceive here because we have over 3,300 degree-granting institutions across the country. Now when one pictures a nice private college in my State, located away from an urban area, with a well defined campus, that's one picture of a campus.

If one pictures NYU, one of the most prestigious and certainly the largest private universities in the world, the campus of NYU is Manhattan Island. There are 15 separate schools scattered across Manhattan Island that are part of NYU. When you get to City College of New York, it becomes even more dramatic.

In my own State, if you look at Michigan State, there is a pretty well-defined campus. Michigan State, an agricultural school, is located out in a pristine area outside of a relatively small city in the State of Michigan. You know when you are on and off campus.

At the University of Michigan, it's getting more difficult than it was in years gone by, but you still have a pretty good idea when you are on and off campus, and what is an on-and off-campus activity, and whether it is or is not under control of the institution. But when you go to Wayne State University in Detroit, you will find two of the busiest crime-ridden and dope-riddled streets in the entire city going right smack through the middle of it.

Even though I attended that school in the late 1940's after the war, I can't tell you when I'm on the campus and off the campus when I visit there today. The word "campus" has a different meaning. The description of a student has a different meaning. If you're talking about community colleges that very frequently are found in urban settings without clearly defined campuses, there you will find that the average age of a woman going to school is over the age of 30.

I raise all of this by way of telling you that this committee has not looked at these bills and said, "Well, this isn't something that we want to do." It becomes very difficult if you hinge, as Mr. Ramstad's bill does, the rights of all students to receive Federal aid on the actions of an institution that may have absolutely minimal, if any, opportunity to control the situation or circumstances on their campus.

Mr. Ramstad talks about—in his bill and in his statement—about providing safe housing. The truth of the matter now is that a small percentage of all of the postsecondary education in this country is being participated in by people who live in institutional housing, owned and controlled by the institution that they are attending.

The closer you get to the big cities, the less you will see the traditional dormitory situation. I looked at Mr. Ramstad's bill very carefully because you approached me to cosponsor it with you. I told you that Mr. Coleman and I had a commitment to all of the higher education groups, as well as members of this committee, not to introduce or cosponsor any bills that might be considered by us in higher education this year for the very obvious reason we wanted to stay able to accommodate everybody's concerns.

But I took the time to look at it. I read yours before I read Mrs. Boxer's, as a matter of fact. When I started looking at it, I started to find these concerns about whether or not we wanted to affect all people seeking postsecondary education out there. There are 12

million students out there as I talk to you know. Six million of them will get, this year, some kind of assistance from the legislation we are considering.

We are talking about the qualification of those six million people for continued Federal assistance, hinged on the conduct of people running institutions. Conduct that has to do with a particular type of criminal activity that may happen on their campus, and even an undefined campus such as those I've mentioned.

It becomes very difficult for us, and that part is something that I'm reluctant to approach. I have been reluctant in all of my years on this committee to provide ways in which you prevent students from having access to education through the actions of somebody other than themselves. Through somebody else's irresponsibility, if you will—I presume that a college campus that doesn't do the things that Mr. Ramstad's bill proposes is irresponsible.

What about the other people who want to attend that institution who lose their eligibility because that institution is irresponsible in not certifying that it's doing all of these things. I think, perhaps, it would be a good idea for us to devote some specific time on separate legislation to these issues to see whether or not the Education and Labor Committee can help each of you accomplish what I assume to be your bottom line concern over a particular type of crime in which, generally, young women are the victims.

As a father of a daughter and the grandfather of two female grandchildren, I can share your concerns. When my daughter went to college, I went to great lengths, as a matter of fact, to ask them to accommodate her in very limited dormitory space, because I felt safer being here in Washington if she was in a dormitory on that campus than I would have felt if she was living off campus.

In the years that she was going to school, in the 1960's, it was an interesting time to be a parent. It's always an interesting time to be a parent. I'm not unfamiliar with the dangers. As a matter of fact, the campus that my daughter was on was the site of some 16 heinous murders of young women.

Unfortunately, it didn't turn out that any of them were murdered on the campus; they were picked up on the campus by a maniac, very much like the kind of people we have been reading about recently, who was the nicest looking young blond fellow you ever saw. He had a motorcycle.

Even after the police publicized the modus operandi of this guy whipping around in his leather jacket and offering young women a ride on his motorcycle, and they didn't show up again until they showed up in pieces, he continued to find victims. Where did he go looking to find victims? He went to a teachers' college campus.

There was a great howl that somehow the teachers' college should have told those girls not to get on that motorcycle. But I was never convinced that, put in their position, I would find a way to do that, because I was worried about whether I could keep my daughter off of such a motorcycle.

I regarded that as my parental obligation. As I said at the very outset, I think if we are looking at this as an educational opportunity to teach preventative measures, it's much too late when it comes at the level of postsecondary education for most people, be-

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cause we are dealing with people who should have been told about these things much sooner.

Having said all that, I thank you very much for your testimony, and I assure you that we will continue to look at this phenomena through the eyes of the education committee. In the case of Mrs. Boxer, she does not have a cutoff of funds. As a matter of fact, there is no enforcement procedures as I see it in the title of your bill dealing with higher education.

That presents an entirely different problem. What you do is set up a pot of money and say to colleges and universities, "You can apply on a nationwide competitive basis for a grant to deal with the problem of sexual assault on your campus."

I would be very surprised if most, or any, of the small church-related institutions in my State would make such an application. Because that would be sending a message to the parents that I was so concerned as the president of that college about the safety of your daughter when she comes here, that I am trying to get Federal money to do the things that you thought I was doing to protect her anyhow.

I don't know who would apply for it. I don't know how the Secretary of Education would decide. If NYU wanted to apply for a grant, how would the Secretary determine what NYU had in mind to make Manhattan Island safe for students at NYU actually would work? When you get to how you do these things, it's not as easy as it looks.

Nobody quarrels with the objective. Everybody wants to go to heaven; everybody doesn't have the same idea about how you get there. Mrs. Boxer's bill was originally drafted to be considered, I assume, by the Judiciary Committee on the Senate because it's dealing with the whole area of crimes against women, or crimes against people, most of whom tend to be women.

That's not our function here, dealing with criminal law. Our function is dealing with how to aid students attending institutions of postsecondary education. We tell those campuses, for example, they will not discriminate against the students. There is a precedent for us putting restrictions on a campus or a school or an institution that is eligible for its students to receive Federal aid.

There are many precedents for us putting limitations on them, but we have always avoided putting a limitation on an institution that would disqualify students seeking an education in that institution because some dumb administrator didn't fill out the papers correctly. That's the kind of concerns that we have that I hope are not confused with an antipathy toward the essential purpose. Mr. Coleman?

Mr. COLEMAN. Mr. Chairman, thank you. Thanks to both of our witnesses.

Mr. Ramstad, just a comment on your bill, which I think certainly has good motives and intentions. I wonder on page 3, however, in which each institution is supposed to have a written policy establishing these victims' bill of rights, in Sub B it says, "The right to have sexual assaults committed against them investigated and adjudicated by the duly constituted criminal and civil authorities of the governmental entity in which the crimes occur."

It is obviously outside the jurisdiction of a college or university to somehow have the responsibility of investigations and to see that prosecutions are made. They don't have that authority. They can bring it to the attention of the authorities, they can cooperate, which is what the second part of that section requires.

I don't really see how a university can force prosecution, unless the local prosecutor, indeed, and the police authorities, want to do so. I just bring that up as something that is outside the purview, I would think, of the authority of anyone other than those people who work in law who are given the power to prosecute.

Mr. RAMSTAD. Mr. Chairman, Mr. Coleman. That goes certainly to the legal definition of a right. The problem now is—and, of course, I think we should keep in mind the framework of this legislation would preserve the right, if the victim so elects, to have these matters handled in a campus disciplinary proceeding situation, or the right to go to the criminal justice system.

All we are trying to do is preserve the right of the victim to make the election. In too many instances now, as many, many victims have come forward, their right, which should be, in my judgment, inalienable and self evident——

Mr. COLEMAN. I believe that it is. I don't believe that anybody's rights are limited when going to the authorities, be they a student on a college campus or a senior citizen in a nursing home. I understand what the purpose of it is and I support that. I only point out that I think these go beyond a requirement that can be placed on anyone to establish some sort of prosecutorial authority in which none of that authority resides with the people we are asking to establish it.

I think it can be changed. I think what you really want is the second part of that sentence where you ask for full cooperation by the university personnel. That's the key, I think, and we can require that of universities.

Mr. RAMSTAD. Mr. Chairman, Mr. Coleman, I appreciate your assistance. We've had several meetings on this legislation. Perhaps the beginning clause, Clause B, could be crafted differently, as you suggested in one of our meetings, so as to preclude the institution from preventing victims to go to the criminal justice system.

In other words, to couch it in the negative, which would be more than satisfactory. Mr. Chairman, may I just address a point that you raised briefly?

Chairman FORD. Go ahead.

Mr. RAMSTAD. Mr. Chairman, first of all, given your distinguished legal background, I certainly think your points are well taken as to the legal terminology issues that you raised. You talked about the common law rape definition and then statutory criminal sexual conduct as most States now describe the crime.

Your point, Mr. Chairman, underscores the need for this legislation, at least one of the needs. Because so many colleges and universities refer to this crime, be it common law rape or criminal sexual conduct as "advances without sanctions," or other neutered, emasculated terms which downplay the nature of the heinous crime of rape or criminal sexual conduct. I think your point is well taken and certainly supports the need for this legislation.

I would also like to address briefly your critique of the definition of "campus." Campus is not defined for venue purposes, as I'm sure the distinguished Chairman understands here. This legislation goes to the institution. The protections have nothing to do with venue; the protections rather go to the student, the victim, not to the place.

These nine rights, which I would characterize as inalienable, as basic, fundamental, self evident rights, don't go to the campus in terms of a place of venue or where the crime might be committed. That's totally irrelevant to this legislation. We merely prescribe or mandate that the institution afford these nine basic rights to such victims.

Thirdly, Mr. Chairman, as to your point about the problem of these institutions providing alternative housing to these victims of criminal sexual conduct, it seems to me it's very modest. We are not saying if a victim at an institution in Manhattan wants to be separate and apart from the alleged assailant, that she should be housed at the Plaza. All we're saying is a comparable dormitory room in another dormitory.

I can show you a list of a hundred victims who have sought to be—following one of these incidents—to be housed away from the alleged assailant, in another dormitory. For example, in my district, a woman was not even given the opportunity to live apart from the alleged assailant, had to stay in the same coed dorm. He lived one floor above her room, directly above her room.

Despite the fact that there were other rooms available at this institution, they wouldn't let her move. They had a policy that you couldn't move during the school year once you are assigned a dormitory room. It seems to be that it is a very modest provision to provide alternative housing away from the alleged assailant, which any court would give the right to keep a victim apart from an alleged assailant in the criminal justice system—would order the defendant to stay away from the victim.

Chairman FORD. Let me see if I can get a clear view. We are looking at the law that you want to amend, which is the existing act, and you amend Section 487. By amending it, you also make reference to Section 485. I will read the language to you, "the institution certifies that it complies with requirements with Section 485(g)," doesn't really mean anything because the section you are amending starts out by saying, "In order to be eligible, an eligible institution for the purpose of any program authorized under this title,"—this is all of Title IV—"an institution must be an institution of higher education or an eligible institution as that term is defined for the purpose" and so on.

Then it sets forth 12 things that they must do or be to qualify. Number 12 was the Goodling Bill for reporting of campus violence. That is a shorthand way of describing it. You add a 13. So in order for an institution to be eligible, it must have in place a set of rules that do these things.

As Mr. Coleman just pointed out, the institution can't guarantee that the local sheriff is going to arrest anybody or the local prosecutor is going to do his job. It's not their authority to do it, and I don't know how the Department could set up a regulation that says to a school, in complying with Section 13, the 13th requirement

here, to qualify your institution, you've got to assure us that there will be prompt prosecution, that nobody will be discouraged from prosecuting, and all of these other things.

The institution is not in a position to do that. Whether they were or weren't, whether they don't because they can't or don't want to, the students who seek student aid to go to that institution are the ones who are the losers, because what this section you amend does is speak to the qualifications of students at that institution to receive Federal assistance.

That's where we get into trouble. Now, if there is another way to get to what you want to do without subjecting all of the students, including the victims you are talking about, to those possible consequences, there might be a better way to approach it. I don't want to discourage you from pursuing this. I think you are doing something worthwhile.

Mr. RAMSTAD. Thank you, Mr.——

Chairman FORD. I don't want to encourage, however, us trying to stop at this stage and figure out something this complex as a condition. We are going to put so many conditions on Title IV aid before we get through in this reauthorization that it will take a Philadelphia lawyer to apply for funds.

Mr. RAMSTAD. Thank you, Mr. Chairman, for your at least indirect support in saying that it is worthwhile, these objectives. I certainly would be more than willing to work with the Chairman, and Mr. Coleman's already expressed a desire to work to take care of some of the concerns that you and Mr. Coleman have expressed.

For example, just very briefly and simply, lines 3 through the word "occurred" on line 7, could be easily stricken without doing any violence to this bill whatsoever. Mr. Coleman's point is well taken that the second clause of Section B is a restatement, perhaps redundant of the first clause. I think we can work together to perhaps more properly craft this legislation, take care of these concerns and also the concerns of the Chairman and the distinguished ranking member.

Mr. COLEMAN. Let me, Mr. Chairman, just try to recoup just a little bit of my time—really just a comment. I'm glad that Jim has created what I think is the atmosphere that we want to conduct, and I didn't want to encourage any sort of emphasis on the negative here, I simply wanted to try to perfect by making a suggestion. I'm glad the gentleman has recognized it as well.

I think what both of you are doing is extremely valuable. I want to encourage you in this effort. My sense of it is that until you get to a point in your life where you either have personal experience by either working on a college campus or having a daughter or son on a college campus, a lot of this is irrelevant to you.

It became very relevant to me when my first and oldest daughter went to college several years ago. When we drove her there and stayed overnight in the facility on the college campus, in our rooms where they knew we were staying, were piles of material that had been prepared for the incoming freshman. Half of it was relating to sexual assault and date rape.

I said "What on earth is this all about?" This was a fine, so-called fairly conservative Midwestern campus. There they were, inundating us with this type of information. Well, you sit down and

you read it and you finally understand. I think Bill Goodling's leadership and certainly the Clearys' national leadership regarding their unfortunate and tragic episode, has forced us all to understand more about the subject.

I want to commend both of you for what you are doing. If I can work to help perfect or to assist, please let me know. It is an issue that I continually learn more about. It needs to be addressed. I think that the colleges themselves have recognized a liability issue in this and they are going to have to, if for no other reason, change many of their policies because of the amount of damages that they hold themselves out for.

On a positive note, I'd like to end my portion of the inquiry here and thank you both.

Mrs. BOXER. Mr. Chairman, I'm wondering if I might have a moment to very briefly respond to some of the issues that you raised, because I think I could do that very briefly if you would give me that opportunity.

Chairman FORD. Certainly.

Mrs. BOXER. Thank you. First of all, it's important to point out that more than 90 percent of the rapes are against women. Our bill is gender neutral, and, obviously, we talk about "student." We don't say "man" or "woman." Second of all, we would much prefer to have our bill come out as a separate bill, as they are doing in the United States Senate, because I agree with you, it makes more sense to do it that way.

Third of all, the reason that I didn't bring up the part that deals with the education of younger students is because it's in a different section of the bill and this is the Higher Education Subcommittee. Indeed, there is a section that addresses the education of younger students.

It was written by our friend and colleague Congressman Miller and put into this bill. Your comment that it's almost too late to address this in college campuses I would say is not anything that I can agree with. I think that the minority ranking member points out, some people aren't really hit with this, especially if they do come from areas where they are not so well educated as perhaps your daughter or mine might be because they grew up in a larger city.

I think that it is true that when you get to a college campus, this may not be too late, but it may be the first time that you thought of anything like this.

Frankly, on your last point, that many campuses won't apply for these grants, I just want to say this. If I knew a campus had one of these grants, and the grants are used to provide training for campus security, to have campus disciplinary or judicial boards develop, distribute, or implement campus security in student policies, to prevent and discipline rape and sexual assault, I would be much more willing to send my daughter or son to such a place.

I think that what we do in this bill is to make matters better on the campuses today. You and I talked about numbers on the House floor. You said, "Where did you get these numbers?" I think I have proven to you today where I got them. I have another study, a criminological study released on August 29, 1990.

One in seven of the women already now in college has already been raped. One in four now in college have been attacked by a rapist. More than half of college rape victims are attacked by dates. Rape remains, as my colleague here has stated, the most underreported of all major crimes; only 7 percent of all rapes are reported to police.

By comparison, the reporting rate for robbery is 53 percent, assault 46 percent, burglary 52 percent. Less than 5 percent of college women report incidences of rape to the police. More than half of raped college women tell no one of their victimization. We have a problem here.

It may be much more pleasant not to look at it; it may be easier not to look at it. No one likes to look at this. It's ugly, it's awful, it's pervasive, but we need to look at it. I think that both of us have come forward here today in the best spirit to work with you. Nothing that I have written is ground into stone.

If I can be shown that there could be a better way to do it, a more sensible way to do it, I'm with you. I stand ready to work with you, Mr. Chairman and the members of the subcommittee in any way possible to make this stronger and better bill.

Chairman FORD. Mr. Reed?

Mr. REED. Mr. Chairman, I want to commend my colleagues for introducing this legislation. I am a cosponsor of Mrs. Boxer's bill, and certainly sympathetic to Mr. Ramstad's bill. Although there have been technical problems raised with respect to this legislation, I think there is a broader issue.

Sadly, deplorably, the culture of college campuses is inhospitable to women today in two senses. First, among the student body there seem to be too many people who might have done well on their SATs but don't have a basic understanding of how to treat other people decently and fairly and humanely.

Second, there is an institutional problem. I think both of you alluded to that. The institutional problem is that colleges tend to treat rape not as a heinous crime, but as something less than that, as Mr. Ramstad referred to, by defining it as unwanted attention, or unwarranted advances, et cetera.

I think we have a role, and I think we can, if we work diligently and creatively, help change this culture so that students respect other students regardless of gender and that institutions deal with this problem squarely, head on, as it is, a serious, deplorable problem.

I certainly would like to participate with the Chairman and the committee and the sponsors to develop such an appropriate approach. I commend you both for your efforts in this very, very important area.

Chairman FORD. Mrs. Roukema.

Mrs. ROUKEMA. Mr. Chairman, thank you. I will try to be brief here, but I want to four-square support my colleagues at this table and what they are trying to do with their legislation. I'm not as familiar, Mrs. Boxer, with your legislation. I suspect though, from what I understand, that a good portion of it really belongs in Judiciary, but I will do anything I can to help support your efforts here.

With respect to Congressman Ramstad's proposal, of course there are refinements that can be made, and I am a cosponsor of your

bill and recognize, nevertheless, that there are some refinements. There is no doubt in my mind but that your bill fundamentally is properly directed and can be properly implemented.

I am shocked to think that there is any resistance in the higher education community to your approach. While we are all giving examples, Mr. Coleman gave an example of his experience with his daughter. I want to tell you I was very shocked some years ago, before rape became well known in the headlines as a topic or as an experience on college campuses, some years ago, to take my daughter to an outstanding university in this country and to find that as part of their freshman orientation, they distributed rape whistles, and nobody even thought about it, from the point of view of the college administration.

Parents thought about it. It was also a time when colleges completely abrogated their responsibility of an old fashioned concept, which some of us in this room may be old enough to remember, which was in loco parentis. I believe, Mr. Ramstad, that you are properly identifying and turning the higher education community back to that fundamental responsibility.

I take no exception to your requirements on housing. Young people should not be required to associate in a threatening situation such as you've described, and it's not exceptional, it's not unusual, it's all too common. Housing as an alternative should be a requirement within this bill.

I would be happy to work with everybody on this committee to put whatever refinements, practical and otherwise, as Mr. Coleman has already identified at least one, but, fundamentally, I am here to say to you that I will do everything possible to see that your bills are included in the Higher Education Act.

I think they are very thoughtfully done and you have correctly identified a shocking underbelly of higher education. Thank you very much.

Chairman FORD. Mr. Hayes.

Mr. HAYES. Thank you, Mr. Chairman. The testimony of the two witnesses certainly has been excellent, and I certainly am going to work with them in trying to make this become a reality when it comes to legislation. I'm going to yield my time to my colleague Mrs. Lowey, and I'm going to go vote.

Mrs. LOWEY. And I will be very brief so I can yield some of my time to my colleague Patsy Mink. I just wanted to briefly thank my colleagues Mrs. Boxer and Mr. Ramstad, for coming before this committee. Rape is one of the most violent and horrible crimes in the United States today. It is rampant. Every day we here another news report. Although my distinguished Chairman has discussed some technical problems with the bill, I'm sure that we can work together to include Mrs. Boxer's bill in the Higher Education Act. If any of you have known a victim of rape, and I have known a victim of rape, the impact on the victim is enormous. They are afraid to go out of their dorm room. They are afraid to go to the library. They are afraid to go out in the evening. They are never the same.

If we are to ensure that every woman gets that education they deserve, we must ensure, as Mrs. Boxer's bill does, that education is provided in the early stages, and we must continue to ensure

that our colleges provide information and education to all the students.

One of the things that we stress over and over again is that it's the Federal responsibility to look at the programs around this country and to replicate the programs that work. That's why Mrs. Boxer's emphasis on demonstration programs is so important. We don't want to waste valuable dollars in times of budget deficit.

We want to look at the successful programs. You mentioned in your testimony certain programs that have worked. We want to look at what really works out there. I'm more interested in preventing rape than dealing with the victims of rape afterwards. I want to educate those students. I want to be sure that information is out there on the college campuses so we prevent the rape.

I particularly note in your bill, also, an emphasis on capital funding for such things as lights on campuses or extra police protection to prevent rape. I want to congratulate you. As a cosponsor of the bill, I want to work with you. I hope that through this effort we can encourage more campuses to establish programs that work so that we can be effective in preventing rape.

If we do so, perhaps a year from now, 2 years from now, 5 years from now, we can be proud that we minimized those statistics. One in seven women? That's an outrage on our campuses. Our higher educational institutions are supposed to be the best in the world. Let's make sure that they are the safest in the world. I will turn quickly to my colleague Patsy Mink.

Mrs. MINK. I thank Nita for giving me a portion of her time to join with her in her comments and to express my appreciation for all my students on my campuses for the courage that both of you have shown in coming here today and raising this issue.

My concern and the reason that I believe that this matter is appropriate for us to consider in the Higher Education reauthorization is that, by and large, our institutions have been blind to what is going on, on the campuses. Therefore, we must sensitize the leadership of our universities that this is a critical problem which is their responsibility.

All we are saying is: Have some demonstration projects, point out what the problems are on the campuses, provide more support for the women who are victims, train the personnel at the universities to be aware of this problem, offer the kind of support that women need on these campuses. That's all that we are doing. We are not being invasive in developing bigger bureaucracies or demanding policies of universities. We are being attentive to a massive problem that is very, very disturbing and disrupts educational opportunity.

Because it does that, it is a proper item to be considered by this committee. I intend to work with both of you to make sure that something which is acceptable by the majority here will be included in the bill. Thank you very much for coming.

Mrs. BOXER. Thank you.

Chairman FORD. Mr. Andrews?

Mr. ANDREWS. Thank you, Mr. Chairman.

I just want to thank Mr. Ramstad and Mrs. Boxer for doing something fundamental that I think needed to be done. That is, it's a painful and difficult fact, but I think it is a fact, that the present

incentive structure encourages higher education institutions to sweep this problem under the rug and to look the other way.

However, we do it. By whatever mechanism, we have to change that. Until we do, I think we have a big problem. I thank you for introducing your bill.

Mrs. BOXER. Thank you, Mr. Andrews.

Chairman FORD. Mr. Payne?

Mr. PAYNE. Thank you very much. I would like to associate myself with the remarks of my colleagues. There are definitely—I think the Chairman very ably brought out a number of problems. I was unaware that they would cut off funds to universities. I think that we need to take a look at it and craft the legislation so we can minimize opposition to it.

I would like to compliment both of you. I am a cosponsor of your legislation. I haven't seen yours yet, Mrs. Boxer. I'm sure that if it is similar to what you have done in the past, I will have no problem being a cosponsor of that.

Mrs. BOXER. Thank you, Mr. Payne. Thank you, Mr. Chairman.

Mr. RAMSTAD. Thank you, Mr. Chairman.

Chairman FORD. We will stand temporarily in recess while we vote, and then call the next panel.

[Recess.]

Mr. SAWYER. [presiding] If everyone is ready, we will proceed with the work of the third panel. Our third panel today is comprised of Ms. Jean Delaney, who is the Director of International Education, University of Colorado at Boulder; Dr. Anthony Lolli, Vice President of Enrollment Management and Student Services at William Paterson College; Ms. Sharon Shuster, President, American Association of University Women; and Mr. Jim Harrison, President of the Association of Urban Universities. Welcome. We will proceed in the order in which you have been announced.

STATEMENTS OF JEAN DELANEY, DIRECTOR OF INTERNATIONAL EDUCATION, UNIVERSITY OF COLORADO-BOULDER, BOULDER, COLORADO; ANTHONY LOLLI, VICE PRESIDENT OF ENROLLMENT MANAGEMENT AND STUDENT SERVICES, WILLIAM PATERSON COLLEGE, WAYNE, NEW JERSEY; SHARON SHUSTER, PRESIDENT, AMERICAN ASSOCIATION OF UNIVERSITY WOMEN, WASHINGTON, DC; AND JIM HARRISON, PRESIDENT, ASSOCIATION OF URBAN UNIVERSITIES, WASHINGTON, DC

Ms. DELANEY. Thank you very much, Mr. Chairman. It is certainly my privilege to be here today to testify in front of the subcommittee. I'd also like to thank you for the extraordinary efforts that you have made to clarify the Higher Education Act in this reauthorization process. I also would like to thank you for the privilege of listening to the discussion that just concluded a few moments ago.

As an officer of my university, campus safety is certainly a crucial part of our concerns, and it was a very interesting discussion to listen to.

If I may say, I'm Jean Delaney, I'm currently the Vice Chancellor for Student Affairs at the University of Colorado at Boulder, but most of my professional life has been in international educa-

tional exchange. My topic for today is the use of Federal financial aid for study abroad.

I'm speaking not only for my institution but also for NAFSA: Association of International Educators, the Council on International Educational Exchange, and the Liaison Group for International Educational Exchange. These three national organizations represent virtually all of the institutions in higher education, and individuals involved in our profession in this country, and a great many from abroad.

I understand, about a week ago, you had a very interesting discussion about Title VI of the Higher Education Act, where my colleague Barbara Burn talked about the value of study abroad and the need to strengthen institutional support for these programs.

My topic today is in complement to her testimony about the barriers that currently exist in our laws that prevent equal access to this increasingly valuable educational experience. There are technical revisions and clarifications of Title IV that would make study abroad available to more students and a more diverse student group.

It doesn't require more money necessarily, although we would be glad to have more money in any circumstance. It's access to these funds that are so important. Study abroad is a unique and uniquely valuable opportunity for the future of the United States. It's especially important for a State like my own, Colorado, interior, land locked, and it is especially important for students whose economic circumstances have limited their access to knowing and understanding the world.

At the University of Colorado, we are working very hard toward diversifying our student population. We have created innovative recruitment programs, retention for students of color, for students who are first-generation college educated, and for students who are economically disadvantaged.

We have a vast array of economic disciplines available from aerospace engineering to zoology. I am very proud of the study abroad programs that we offer which allow students to study these subjects in other countries and in other cultures. Federal financial aid is the key. We need your help to make the study abroad programs available to all of our students, not just the privileged.

What are the problems that exist? The current laws and regulations are very unclear and they pose real barriers to student participation in study abroad programs. Because of the lack of clarity, there is tremendous variation on the interpretation of these laws from campus to campus. At some institutions, you may use all of your Federal financial aid to go abroad. At other institutions, you may use only a Pell Grant, or perhaps loans. In some institutions, students are told that it is simply illegal to take Federal financial aid abroad.

Only in institutions where they are really committed to these programs can we work through the bureaucracy that has been created. There are other problems: dispersal of funds, due to the varying academic calendars in foreign countries, calculating costs, and doing need analyses.

Work study, for example, is rarely allowed overseas because of the restrictions on eligible employers. The most concrete example

that I can give you, however, that will make your hair go grey, is thinking about the requirement for multiple dispersals with personal endorsements on loan checks. Put your student in Africa, and you've got a major problem.

It will never be easy, actually, to apply Federal financial aid for students who are studying abroad, but work has already been done to make it easier. We would like to urge you to include the provisions of the Global Education Opportunities Act into the reauthorization of the Higher Education Act.

If the truth be known, I feel somewhat foolish bringing the provisions of this bill to this subcommittee because you studied the bill last year, and indeed, Chairman Ford is the sponsor of that bill, and he is the most enthusiastic proponent of Federal financial aid being applied to study abroad programs.

Mr. Chairman, study abroad is indeed a very important part of American higher education today. It is not a frill, and we hope that you will work to make it possible for all of our young people to participate. Thank you so much.

[The prepared statement of Jean Delaney follows:]

TESTIMONY OF JEAN DELANEY
VICE CHANCELLOR FOR STUDENT AFFAIRS
UNIVERSITY OF COLORADO AT BOULDER
BEFORE THE
SUBCOMMITTEE ON POSTSECONDARY EDUCATION OF THE
COMMITTEE ON EDUCATION AND LABOR
U.S. HOUSE OF REPRESENTATIVES
AUGUST 1, 1991

Mr. Chairman and distinguished members of the Subcommittee, thank you for the opportunity to appear before you today to discuss problems regarding use of federal financial aid to support education abroad for American students. My name is Jean Delaney. I am the Vice Chancellor for Student Affairs at the University of Colorado at Boulder. Prior to my current appointment, I served the University for eight years as Director of International Education. During 1989-90 I served as president of NAFSA: Association of International Educators, one of the major international education associations I am representing today. Altogether, I have more than twenty years of professional experience in the field of international educational exchange.

While people tend to think that study abroad is a flourishing part of the academic program of American universities, the sad truth is that fewer than one percent of our undergraduates go abroad each year for study. One of the main barriers we face in making this opportunity available to more students is in trying to apply federal financial aid toward program costs. Due to the difficulties involved, the ability of students dependent on federal financial aid

to study abroad varies greatly from institution to institution. As international skills become increasingly important to success in the American workforce, these problems pose fundamental issues about equality of educational opportunity afforded under federal financial aid programs. I hope the Subcommittee will work to eliminate these problems as you develop legislation reauthorizing programs provided for under Title IV of the Higher Education Act.

Before getting into the substance of these issues, however, I want to explain that I am not only representing my own institution today but three recognized national organizations concerned with international education and exchange activities: the Council on International Educational Exchange (CIEE), NAFSA: the Association of International Educators, and the Liaison Group for International Educational Exchange.

The Liaison Group is a twenty-four member coalition of organizations dedicated to promoting international exchange links between the United States and other nations. CIEE and NAFSA were founding members of the Liaison Group.

CIEE is one of the foremost organizations in the world concerned with international education and student travel. The Council's membership is made up of more than 200 of the most internationally committed academic institutions in the United States. Its programs provide study and travel opportunities for American students throughout the globe, as well as complimentary programs for foreign students in the United States.

NAFSA is the largest membership association in the world

dedicated to furthering international educational exchanges, representing more than 6500 individuals and 1800 institutions, both in the United States and in 60 other countries. Along with CIEE, NAFSA is in the forefront of internationalizing U.S. higher education through a full range of services to exchange practitioners.

Let me try to answer some of the questions you may have about study abroad and federal financial aid.

First, why is study abroad important? I understand the Subcommittee discussed this issue in detail during your Title VI hearing last week. The National Task Force on Undergraduate Education Abroad, composed of representatives of the Institute of International Education, the Council on International Educational Exchange, and NAFSA: Association of International Educators, summarized our increasing needs to get our students abroad in its 1990 Report:

> For the past several years, there has been growing acknowledgement that education must provide more international content and lead to greater sensitivity and understanding. For undergraduates at our universities and colleges, a serious educational experience in another country brings cross-cultural understanding and international learning not achievable through almost any other approach. Opportunities for such experience abroad are still confined to a small fraction of American undergraduates, mainly [from the] upper middle class. . .

The key point here is that study abroad can provide a unique educational experience that is increasingly required of our future leaders. Enrollment in study abroad programs should continue to increase as the need to know our world, both to enhance our national security and to strengthen our standing in the global economy, becomes more important.

From the perspective of the University of Colorado and institutions like it in the interior of the United States, study abroad is a crucial element in our international education program since it provides a tangible experience of other languages and cultures to a student body which is largely isolated from them. The international dimension is only an abstract notion to our students without concrete educational experience abroad.

Are we lagging behind other nations in providing study abroad opportunities to our students? As I mentioned above, less than one percent of U.S. college students participate in study abroad programs each year -- approximately 70,000 out of 12,500,000. In comparison, more than 386,000 foreign students enrolled in American colleges and universities in 1989-90, and they have increased substantially again this year. Taking a specific case, while Japan sent nearly 30,000 students to the United States in 1989-90, we sent about 1,100 to Japan. It is also useful to contrast this to the 70,000 European Economic Community students who are going to study in another European Community nation this fall, approximately 4% of EEC students. The goal of the European Community is to exchange 10% of its student body by 1995.

Are federal financial aid funds needed to maintain or expand participation in study abroad programs? The applicability of federal financial aid toward study abroad costs is crucial in gaining access to these educational opportunities. Of the approximately 300 students at the University of Colorado at Boulder who studied abroad in 1990-91, 57% received some form of federal financial aid.

Applying financial aid to overseas study is particularly important in our effort to increase minority participation in these programs. Spelman College president Dr. Johnnetta B. Cole, addressing the Council on International Educational Exchange's 1990 conference, identified finances as one of the four major barriers to study abroad for African American students. She advised that ". . . if we want to substantially increase the number of African Americans studying abroad, we must make every possible effort to allow students to use their financial aid during a study abroad experience."

The professional community responsible for study abroad programs for U.S. students has made a major commitment to expanding minority participation in our programs, led by CIEE and NAFSA. But these students, as you know, are highly dependent on federal financial aid to finance their studies, and we are currently handicapped in our effort to include more students from minority backgrounds in our programs by the barriers we experience in Title IV program policy.

Do students dependent on federal financial aid have equal access to study abroad? Unfortunately, policies on the use of federal aid vary widely from campus to campus. At some institutions, students can use all the aid that they would normally get when studying at home. In other cases, students are limited to Pell Grants and student loans. Or, students may use aid for some programs but not for others. And, on many campuses, students are told it is illegal to use federal financial aid to study abroad.

A good example of the confusion about how federal aid is used for study abroad can be found in my own state of Colorado. The

University of Colorado at Boulder, along with several others in Colorado, allows all aid except work-study to be used by any student going on our own programs, but not on programs sponsored by other institutions. One university awards federal aid to students going on any approved program by negotiating consortial agreements with the sponsoring institution. Several others will allow their students to use Pell Grants and Stafford or SLS loans, but no other types of aid and only for programs run by the institutions themselves. Other institutions in Colorado do not allow any federal aid to be used by students studying abroad at all. In Colorado, therefore, economically disadvantaged students may be able to afford the costs of study abroad only if they have chosen the right institution.

In general it certainly is often the case that a student at one institution in the U.S. can participate in study abroad while a student with the identical financial aid package at another institution will be denied access to the same or similar study abroad programs because they cannot apply their federal aid to its costs.

What problems prevent full and equitable use of federal financial aid for study abroad? Equal access to study abroad for economically disadvantaged undergraduates can only be achieved if practical problems in awarding aid are resolved. Here are several of the general problems we face:

-- There is uncertainty among many campus aid officials about the legality of releasing aid to students studying abroad even though they are enrolled in a full course of study approved by the home institution for credit toward a degree.

-- Requirements about the disbursal of funds, such as multiple dispersements and personal endorsement of loan checks, are extremely difficult to fulfill if the student is studying in Europe and may be a nightmare if the student is in Africa.

-- Academic calendars differ greatly from those in the U.S., causing difficulties in verifying enrollment, calculating satisfactory academic progress, and disbursing aid in a timely manner.

-- There is confusion over whether the actual cost of study abroad can be used when conducting needs analysis. Study abroad programs often cost more than education at the home campus, especially at low-cost state colleges. The standard method of developing the student's budget does not provide for these additional costs.

-- Severe restrictions on types of eligible employers prevent the use of work-study awards abroad, and students dependent on such aid are not normally allowed to accept employment abroad as a substitute.

-- Students have no independent sources of reliable information about the applicability of financial aid for study abroad and are, therefore, generally unable to question the decisions of campus aid administrators.

-- There are no pressures on institutions to allow federal aid to apply to study abroad programs.

-- Campus administrators generally lack discretionary authority to make special arrangements for awarding aid to study abroad

students.

How can these barriers be eliminated? The truth is that it will probably never be easy to apply federal financial aid to study abroad. However, much can be done to make it easier for institutional administrators and to promote equal access for students eligible for assistance. Congress can begin this process during the reauthorization process by enacting Title II of the Global Education Opportunities Act.

This bill, introduced this session by Representative Leon Panetta, has been developed in close consultation with study abroad professionals throughout the country. The bill has the endorsement of the Institute of International Education, the Council on International Educational Exchange, and NAFSA: Association of International Educators. I am pleased to note that the bill now has 70 co-sponsors in the House and the companion bill in the Senate introduced by Senator Dodd is also receiving strong support.

The legislation deals with all of the problems I have elaborated above. It clarifies that each of the forms of assistance provided for in Title IV may be applied to costs of programs approved for credit by the home institution. It stipulates that participation in a study abroad program cannot be used as a reason to deny federal aid to students. It allows extra costs of study abroad to be used when conducting needs analysis. Changes to allow single disbursements and the use of powers-of-attorney would solve one of the largest problems in the use of federal aid for study abroad. Other changes give aid administrators the discretion needed to adjust federal aid to fit the

special needs of study abroad. In the area of needs analysis, administrators would be allowed to take into consideration the fact that it is illegal for our students to work in most countries by reducing the expected student contribution from employment while studying abroad. The legislation broadens the types of employers for work-study students when they go abroad, enabling this form of assistance to become practically available for the first time. This is only a partial description of the technical proposals included in the bill, but illustrates the approach of the legislation to these issues.

The Global Education Opportunities Act is the crucial first step toward providing access to increasingly important educational opportunities overseas for American students. It is particularly important in providing these opportunities to minority students and those dependent on federal financial aid to continue their educations.

In these difficult budget times, I am also pleased to tell you that these proposals could be adopted at virtually no expense, since they merely change the rules under which aid under the programs is given and would not require additional appropriations. Certainly there would be some costs involved in making the rule changes, and some students' assistance packages would be increased during their periods abroad. But these costs would be very small in comparison to the impact these changes would have in increasing students' access to the important international education opportunities study abroad provides.

Mr. Chairman, it is my recommendation that the proposals in the Global Education Opportunities Act be incorporated into the Higher Education Act during the reauthorization process. Furthermore, I ask the Subcommittee to be mindful of the difficulties I have discussed as you make other changes in Title IV programs. It is my hope that we will soon be able to cite this reauthorization process as the time when the confusion surrounding the awarding of federal aid to study abroad students was finally removed. Study abroad by American undergraduates is more and more relevant to today's college education, and will be more and more necessary to develop future leaders who can safeguard America's standing in the world. As you said when introducing similar legislation in 1990,

> there was a time when education abroad was thought of as a frill for coeds majoring in the humanities whose families could afford to send them to the Sorbonne or Heidelberg for their junior year . . . The world has changed and that time has passed.

Thank you for the opportunity to present these recommendations.

Mr. SAWYER. Thank you very much. I just want to clarify one thing. I am not now, nor have I ever been Bill Ford, as everyone knows.

Ms. DELANEY. I understand, Mr. Chairman.

Mr. SAWYER. Dr. Lolli?

Mr. LOLLI. Mr. Chairman, with your permission I would like to return to the topic of the Pell program methodology and speak to the House of Representatives proposal for reforms in the Pell program need analysis.

New Jersey Congressman Robert Roe's bill, H.R. 190, the House proposal to eliminate home and farm equity, would make for a more equitable distribution of an important and necessary resource. The concomitant reduction in family contribution would enable a larger number of individuals to attend college. This is particularly true for lower and middle income families.

As an example, the effect of the current methodology is particularly hard felt in New Jersey and other similar regions, where past escalations in real estate values have been dramatic. Figures from the New Jersey Department of Higher Education indicate that, for families who file for financial aid, the average home equity is $88,000. The national average for those filing is $49,000. Parental contribution for these New Jersey families is $2,100, while nationally, it is $1,000.

In New Jersey, home equity values tend to be fairly high for those with relatively low incomes. Twenty-seven percent of New Jersey families with incomes of less than $42,000 own their homes. Yet the average home equity for this group is $72,000. Under the current methodology, the parental contribution derived from this group's income is zero, while their parental contribution derived from their home equity is $1,400.

According to estimates from the New Jersey Department of Higher Education, the crossover point at which parental contribution is greater for home equity than for family income generally appears to be at incomes of $35,000. The crossover point for areas of the country which did not experience high rates of escalating real estate values would be much higher due to lower equity values.

William Paterson College is located in Wayne, New Jersey. Our suburban campus is approximately 20 miles from New York City. As a State institution, we serve northeastern New Jersey. Our students, for the most part, are the first in the family to attend college. They are accustomed to working for what they need.

We have a student head count of 10,000 and a full time equivalent of approximately 6,500. Each year, 1,000 of the 2,300 new students apply for financial aid. In each recent year, the average Pell Grant has become smaller. The primary reason for this reduction is the value of the family's home equity.

We are also seeing a growing trend which is of concern at William Paterson College. We estimate that 80 percent of our students are employed. I agree with those who argue that it may be a good experience for students to work part time while pursuing a degree, however, it has been reported to me that the majority of our students are working 30 to 40 hours per week.

Such a workload can only have a detrimental effect on their ability to make satisfactory progress toward their degrees. Similarly, a counseling center reports an increased number of students seeking assistance with problems resulting from the need to shift priorities from academic concerns to income related concerns.

The first Catch 22 that our students find is that students need time in order to do well academically, yet they must invest time earning the money to pay the bills so they can afford to pursue a degree. Thus enters the second Catch 22, which is the more they earn the less they are eligible for, not only for the Pell program but for all Title IV programs.

These students, unfortunately, that there is not sufficient time to accomplish both. They are faced with the choice of working nearly full time and just getting by academically, or taking a reduced course load and postponing their graduation an additional year or two.

James Appleberry, newly elected president of the American Association of State Colleges and Universities, recently said, "Our States are hemorrhaging in red ink, and there must be a national commitment to affordable public education if our States are to have any chance of achieving a competitive and resurgent economy."

The removal of the farm and home equity from calculations of the Pell formula for expected family contributions would enable a larger number of students to improve their academic performance by reducing the proportion of their time that they must invest in paying for college.

They are fully prepared to work in order to be successful. They also need the help that this proposal would provide. Their success is important to us all because the academic success of today's students is a necessary condition for the future economic success of our country.

Thank you for your time and for the opportunity to testify.

[The prepared statement of Anthony Lolli follows:]

TESTIMONY OF DR. ANTHONY LOLLI,
VICE PRESIDENT FOR ENROLLMENT MANAGEMENT
AND STUDENT SERVICES
OF WILLIAM PATERSON COLLEGE OF NEW JERSEY

IN FRONT OF THE HOUSE
SUBCOMMITTEE ON POSTSECONDARY EDUCATION
AUGUST 1, 1991

DISCUSSING H.R. 190 SPONSORED BY
CONGRESSMAN ROBERT A. ROE
OF NEW JERSEY

Testimony of Dr. Anthony Lolli, Vice President for Enrollment Management and Student Services of the William Paterson College of New Jersey, to The House Subcommittee on Postsecondary Education, 1 August, 1991.

Chairman Ford and members of the Subcommittee, it is my pleasure to appear before you to speak to the House of Representatives' proposal for reforms in the Pell program needs analysis.

New Jersey Congressman Robert Roe's bill, H.R. 190, the House proposal to eliminate home and farm equity, would make for a more equitable distribution of an important, necessary resource. The concomitant reduction in family contribution would enable a larger number of individuals to attend college. This is particularly true for lower and middle income families.

As an example, the effect of the current methodology is particularly hard felt in New Jersey, and other similar regions, where past escalations in real estate values have been dramatic. Figures from the New Jersey Department of Higher Education indicate that, for families who file for financial aid, the average home equity is $88,000. The national average for those filing is $49,000. The parental contribution for these New Jersey families is $2,100. Nationally, it is $1,000.

In New Jersey, home equity values tend to be fairly high for those with relatively low incomes. Twenty seven percent of New Jersey families with incomes of less than $42,000 own their homes. Yet, the average home equity for this group is $72,000. Under the current methodology, the parental contribution derived from this group's income is zero while their parental contribution derived from their home equity is $1,400. According to estimates from the New Jersey Department of Higher Education, the crossover point at which parental contribution is greater for home equity than for

family income generally appears to be at incomes of $35,000. The crossover point for areas of the country which did not experience high rates of escalating real estate values would be much higher due to lower equity values.

William Paterson College is located in Wayne, New Jersey. Our suburban campus is approximately 20 miles from New York City. As a state institution, we serve northeastern New Jersey. Our students, for the most part, are the first in their family to attend college. They are accustomed to working for what they need. We have a student headcount of 10,000 and a full time equivalent of 6500. Each year 1,000 of 2,300 new students apply for financial aid. In each recent year the average Pell Grant has become smaller. The primary reason for this is the value of the family's home equity.

We are seeing a growing trend which is of concern. At William Paterson College, we estimate that 80 percent of our students are employed. I agree with those who argue it may be a good experience for students to work part time while pursuing a degree. However, it has been reported to me that the majority of our students are working 30 to 40 hours per week. Such a work load can only have a detrimental effect on their ability to make satisfactory progress toward their degrees. Similarly, our counseling center reports an increased number of students seeking assistance with problems resulting from the need to shift priorities from academic concerns to income related concerns. The first "catch 22" is that students need time in order to do well academically, yet they must invest time earning the money to pay the bills so they can afford to pursue a degree. The second "catch 22" is that the more they earn, the less they are eligible for not only for the Pell program but for all Title IV programs. These students, unfortunately, have discovered there is not sufficient time to accomplish both.

They are faced with the choice of working nearly full time and just getting by academically or taking a reduced course load and postponing their graduation an additional year or two.

James B. Appleberry, new president of the American Association of State Colleges and Universities recently said, "Our states are hemorrhaging in red ink and there must be a national commitment to affordable public education if our states are to have any chance of achieving a competitive and resurgent economy." The removal of farm and home equity from calculations of the Pell formula for expected family contributions would enable a larger number of students to improve their academic performance by reducing the proportion of their time they must invest in paying for college. They are fully prepared to work in order to be successful. They also need the help this proposal would provide. Their success is important to us all because the academic success of today's students is a necessary condition for the future economic success of our country.

Mr. SAWYER. Thank you very much, Dr. Lolli. Let me, at this point, mention that the full text of everyone's testimony will become a part of the record, and you should feel free to summarize or expand upon your testimony as you find useful. Let me also mention at this point, that without objection, the prepared statement of Shirley Sagawa will be also made a part of this record.

Ms. Shuster?

Ms. SHUSTER. Thank you, Mr. Chairman. I am Sharon Shuster, President of the American Association of University Women. It is a privilege to represent our 135,000 members in testifying before this subcommittee on the need analysis provisions of the Higher Education Act. It is a question that is of vital importance to our mission of ensuring educational equity for the 55 percent of all college students who are women.

AAUW has long been concerned with the problem of accurately assessing the financial aid needs of women college students, who tend to differ from men students in some significant ways. Recent data suggests that these differences remain as pervasive as when we outlined them in our testimony for the last Congressional reauthorization.

Specifically, women are still more likely than men to be nontraditional students. We continue to be concerned that they needs of nontraditional women students are underestimated by the current methodology used to determine their financial need. The primary cause of this underestimation of the costs of attendance for nontraditional women students is the failure to accurately assess the cost of child care, probably as a result of failing to include all of the hours for which child care is needed in the estimate.

Although our analysis indicates that the minimum amount of child care necessary for full time studies would cost an average of $1,890, the current cap on child care allowances for Pell Grants is $1,000. The average allowance for child care using the Congressional Methodology for need analysis was $1,289 in the 1989–90 academic year. These allowances are clearly inadequate.

We recommend, therefore, that the Pell Grant ceiling on the allowance for child care be raised from $1,000 to $3,500, and that the Congressional Methodology for need analysis be amended to specify that the child care allowances be based on actual expenses incurred for child care for all school-related activities such as class time, study time, field work, internships, and commuting times.

These recommendations are based on information about the characteristics of nontraditional women students, an analysis of the financial aid allowances made for nontraditional students in the 1989–90 academic year, and a comparison of these allowances with average child care costs in the United States. I'd like to explain some of this analysis in some more detail.

Women are unquestionably more likely to be nontraditional students than men. The traditional college student attends full time, is between the ages of 18 and 25, has no children, and relies on parental support. The nontraditional students are those who attend part time, are older than 25, have child care responsibilities, or are self supporting.

In 1987, 47 percent of women students attended part time, compared to 39 percent of men. Among women students, 18 percent

were older than 25, compared to 16 percent of men. Although we don't have any data on the number of students with children, we know that in 1989, 80 percent of all single parent families were headed by women.

Forty-two percent of women were independent, meaning self supporting, compared to 33 percent of men. Twenty-five percent of women students, compared to 18 percent of the men, were financing their own education. This brief demographic portrait confirms that women are more likely than men to be nontraditional students and to have difficulty in financing their educations.

The patterns of financial aids awards are different for nontraditional women students than they are for both nontraditional men students and traditional students. Although the average total Federal aid awarded for all students is less for women than men, the gap is larger for part time and independent students. Overall, men students receive 8 percent more total Federal aid than women students, but the gap is 13 percent for independent students, and 17 percent—more than double—than that for the overall average for part time students.

Even for Pell Grants where the pattern is reversed for all students, with women receiving slightly larger awards than men, part time men students receive awards that are 5 percent higher than those to part time women students. One possible reason for these differences is the difference in costs.

Institution-based estimates of student costs using both the Pell Grant and the Congressional Methodology formulas, showed that men students have higher estimated costs of attendance. Because women have lower estimated costs, their awards then tend to meet slightly higher percentages of their estimated need than do the men's awards.

The average total Federal aid meets 50 percent of the Congressional Method estimated need for women, for instance, compared to 47 percent for men. But that pattern does not hold true for part time students, where approximately 45 percent of need is met for both sexes, or for independent students where 57 percent of the need is met for women compared to 61 percent for men, suggesting that the needs of nontraditional women students are being addressed in some way differently than those of nontraditional men students.

Further looking at the composition of the student cost for Pell Grants reveals that virtually all of the differences between men's and women's estimated costs are due to higher tuition costs for men. Non-tuition costs tend to represent a higher portion of the total cost of attendance for nontraditional students.

The chief component of these nontuition costs for nontraditional women students is the cost of child care. The estimated cost of child care in the Pell Grant program ranged from 40 to 60 percent higher for women than for men, reflecting women's disproportionate share of child care responsibilities.

I'd like to note that these figures are based on the institution's allowance for child care, not the student's estimate of her own cost. Further, because there is a ceiling on this allowance in the Pell Grant program, these figures certainly do not reflect actual child care costs.

The current ceiling on child care allowance for Pell Grant is $1,000, while the Congressional Methodology calls for an institution-based estimate of reasonable child care costs. The 1990 Study Aid Study reveals that the average allowance for child care expenses in the Pell Grant program is $800.

The more realistic standards for the Congressional Methodology results in an estimated dependent care costs ranging as high as $9,855, with an average estimated cost of $1,289. Even a brief consideration of typical child care costs suggests that neither need analysis method yields an adequate allowance for this expense.

Current estimates of average annual cost of day care range from $2,000 to $4,000, with a 1989 national survey estimate of the average cost for full-time, year-round child care at $3,500. Assuming that his figure covers 40 hours a week for 50 weeks a year, that gives us an estimate of $70 a week, or $1.75 an hour as a reasonable estimate of the cost of child care.

A full time credit load typically requires 9 to 15 semester hours of credit during each semester, which is approximately 15 weeks long. Educators estimate that 2 to 3 hours of out-of-class time are needed to properly prepare for each semester hour of credit. A full-time student carrying 12 semester hours and studying a minimum of 2 hours per semester hour, therefore, works a 36 hour week in class and study time alone.

This does not even include commuting time or other time commitments. This minimum amount of in-class and study time for 30 weeks, which would be two semesters, would, at our reasonable rate of $1.75 an hour, result in $1,890 of child care costs. Obviously, this is significantly higher than the average award.

Given this analysis, we maintain that the women's child care costs are systematically underestimated in the student financial aid process by underestimating the number of hours for which it is needed. This analysis also suggests that the percentage of their need that is covered by the financial aid awards is also underestimated in the preliminary Student Aid Study data.

Students must have time to go to the library, to hold conferences with professors, or simply for uninterrupted study. Underestimating child care costs by calculating them only for in-class hours, or setting an unrealistic ceiling on the child care allowance, results in inequitable allocation of financial aid dollars to the nontraditional women students with children.

These are our reasons for recommending the changes in the child care portion of the need analysis formulas for both Pell Grants and other Title IV aids. As I said before, we recommend that the ceiling be lifted from $1,000 to $3,500, and the Congressional Methodology be amended to specify that child care allowances be based on actual expenses incurred for child care, based on the number and age of the children, and not limited to class time but including the others.

We thank you very much for the opportunity to bring this to your attention.

[The prepared statement of Sharon Shuster follows:]

AMERICAN ASSOCIATION OF UNIVERSITY WOMEN

Needs Analysis Issues for Women Students

Testimony Submitted to the

House Subcommittee on Postsecondary Education

August 1, 1991

by

Sharon Schuster
President

American Association of University Women
1111 16th Street, N.W.
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202/785-7711

I am Sharon Schuster, president of the American Association of University Women. It is a privilege to represent the 135,000 members of AAUW in testifying before this Subcommittee on the needs analysis provisions of the Higher Education Act, a question that is of vital importance to our mission of ensuring educational equity for the 55% of all college students who are women.[1]

AAUW has long been concerned with the problem of accurately assessing the financial aid needs of women college students, who tend to differ from men students in significant ways. Recent data suggest that these differences remain as pervasive as when we outlined them in our testimony for the last Congressional reauthorization of the Higher Education Act.

Specifically, women are still more likely than men to be non-traditional students. We continue to be concerned that the needs of non-traditional women students are underestimated by the current methodology used to determine their financial need. The primary cause of this underestimation of the costs of attendance for non-traditional women students is the failure to accurately assess the cost of child care, probably as a result of failing to include all the hours for which child care is needed in the estimate. Although our analysis indicates that the minimum amount of child care necessary for full-time studies would cost an average of $1890, the current cap on child care allowances for Pell Grants is $1000. The average allowance for child care using the Congressional Methodology for needs analysis was $1289 in the 1989-90 academic year. These allowances are clearly inadequate.

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We recommend, therefore, that the Pell Grant ceiling on the allowance for child care be raised from $1000 to $3500, and that the Congressional Methodology for needs analysis be amended to specify that child care allowances be based on actual expenses incurred for child care for all school-related activities such as class-time, study-time, field work, internships, and commuting time.

This recommendation is based on information about the characteristics of non-traditional women students, an analysis of the financial aid allowances made for non-traditional students in the 1989-90 academic year, and a comparison of those allowances with average child care costs in the United States. I would now like to explain this analysis in more detail.[2]

Women are unquestionably more likely to be non-traditional students than men. The traditional college student attends full-time, is between the ages of 18 and 25, has no children, and relies on parental support. Non-traditional students are those who attend part-time, are older than 25, have child care responsibilities, or are self-supporting. In 1987, 47 percent of women students attended part-time, compared to 39 percent of men students.[3] Among women students, 18 percent were older than 25, compared to 16 percent of men students.[4] Although we do not have any data on the number of students with children, we know that in 1989 80 percent of all single-parent families were headed by women.[5] Forty-two percent of women students were "independent," meaning self-supporting, compared to 33 percent of men students.[6]

Twenty-five percent of women students, compared with 18 percent of men students, were financing their own educations.[7]

TABLE 1

Non-Traditional Students

	% of Women Students	% of Men Students
Part-Time	47	30
Older Than 25	18	16
Independent	42	33
Financing Own Education	25	18

We find this last discrepancy particularly disturbing in light of the fact that these women are likely to have a significantly lower income than their male counterparts, both before and after college. Thus, women must struggle harder both to make ends meet while they are students and to repay student loans after they graduate. For instance, 13 percent of the women college graduates of the 1983-84 academic year faced a loan burden that was greater than 10 percent of their first year's earnings. Only six percent of their male colleagues had a comparable loan burden.[8] Not surprisingly, the most recent Survey of Freshman

Characteristics found that approximately a third more women than men felt that financing their education was a "major concern."[9]

This brief demographic portrait confirms that women are more likely than men to be non-traditional students and to have difficulty in financing their educations. During the last reauthorization, Congress addressed these particular needs of women students by making several changes in the methods of calculating need for student financial aid for both Pell Grants and other Title IV aid. Extending eligibility for federal student aid to part-time students and modifying the definition of an independent student made financial aid available to more non-traditional students, particularly single parents, most of whom are women. Congress also mandated that student aid could not be counted as income for the purpose of determining eligibility for AFDC benefits, which eliminated a double-bind conflict for some low-income women students.

Two important changes were made at that time in the needs analysis formula itself: dislocated workers and displaced homemakers were allowed to waive the value of their home equity in the calculation of their expected family contribution for their own or their dependents' college costs, and child care costs were included in the allowable costs of college attendance in the student's budget for the first time. The needs analysis formula for Pell grants permitted an allowance for child care costs up to a ceiling of $1000, while the Congressional Method needs analysis formula called for an institutional determination of "reasonable"

child care costs.

As we discussed in our May 9 testimony before this subcommittee, preliminary analysis of the results of the 1990 National Postsecondary Student Aid Study conducted by NCES suggests that these changes have led to some progress in achieving student financial aid equity for women. Both the 1987 and the 1990 Student Aid Study showed that a slightly higher percentage of women students receive aid, but that their average awards are lower than those to men. The gap had narrowed significantly, however, for Pell Grants, work-study, and Perkins Loans in 1990. Significant variations in this pattern by race and ethnic group were discussed in that previous testimony.

A different picture emerges, however, when we examine the data for non-traditional students. Although the average total federal aid awarded to all students is less for women than men, the gap is larger for part-time and independent students. Overall, men students receive eight percent more total federal aid than women students, but the gap is 13 percent for independent students and 17 percent, more than double that for the overall average, for part-time students. Even for Pell Grants, where the pattern is reversed for all students, with women receiving slightly larger awards than men, part-time men students receive awards that are five percent higher than those to part-time women students.

TABLE 2

Gender Differential in Total Federal Aid

(percentage represents gap between aid to women and men students)

All Students	8%
Independent Students	13%
Part-Time Students	17%

One possible reason for these differences is a difference in costs. Institution-based estimates of student costs using both the Pell Grant and the Congressional Methodology formulas show that men students have higher estimated costs of attendance. Average estimated total costs for Pell grants are $3371 for men and $3087 for women. Average estimated total costs using the Congressional Methodology are $6975 for men and $6082 for women. These patterns are the same for part-time and independent women students, who also have lower estimated costs than their male counterparts.

Because women have lower estimated costs, their awards tend to meet slightly higher percentages of their estimated need than do men's awards. The average total federal aid meets 50 percent of the Congressional Method estimated need for women, for instance, compared to 47 percent for men. But this pattern does

not hold true for part-time students, where approximately 45 percent of need is met for both sexes, or for independent students, where 57 percent of the need is met for women compared to 61 percent for men, suggesting that the needs of non-traditional women students are being addressed in some way differently than those of non-traditional men students.

TABLE 3

% Of Need Met By Total Federal Aid
(Congressional Method)

	Women	Men
All Students	50%	47%
Part-Time Students	45%	45%
Independent	57%	61%

Further examination of the composition of student costs for Pell Grants reveals that virtually all of the differences between men's and women's estimated costs are due to higher estimated tuition costs for men. The average estimated cost for men receiving Pell Grants is 14 percent higher than the estimated cost for women. Other costs, such as room and board, tend to be

higher for women, but not enough to offset the higher tuition costs for men. Non-tuition costs tend to represent a higher proportion of the total cost of attendance for non-traditional students. The 1987 Student Aid Study, using student-reported expense data, showed that "other expenses" (exclusive of tuition, fees, room, and board) represented 12 percent of the total costs of full-time students housed on-campus. This compares to 27 percent of the total expenses of full-time, off-campus students and 43 percent of the total expenses of part-time, off-campus students.[10]

The chief component of those "other expenses" for non-traditional women students is the cost of child care. The estimated cost of child care in the Pell Grant program ranged from 40 to 60 percent higher for women than for men, reflecting women's disproportionate share of child care responsibilities. I would like to note that these figures are based on the institution's allowance for child care, not the student's estimate of her own cost. Further, because there is a ceiling on this allowance in the Pell Grant program these figures certainly do not reflect actual child care costs.

This disconcerting profile of the experience of non-traditional women students suggests that they not only receive lower average awards than men (in common with all women students), but that in addition, a lower <u>percentage</u> of their total estimated costs are met than is the case for their male counterparts. This is especially disturbing if their total costs of attendance are

systematically (even if inadvertently) underestimated, as we believe happens in most instances with child care expenses. I ask you to consider the typical cost of child care in this country in comparison with the current allowances in calculations of the cost of attendance.

The current ceiling on child care allowances for Pell Grants is $1000, while the Congressional Methodology calls for an institution-based estimate of "reasonable" child care costs. The 1990 Student Aid Study reveals that the average allowance for child care expenses in the Pell Grant program is $800. The more realistic standards of the Congressional Methodology result in estimated dependent care costs ranging as high as $9855, with an average estimated cost of $1289. Even a brief consideration of typical child care costs suggest that neither needs analysis method yields an adequate allowance for this expense.

Current estimates of the <u>average</u> annual cost of day care range from $2000 to $4000; a 1989 national survey estimates the average cost for full-time, year-round child care at $3500.[11] Assuming that this figure covers 40 hours a week for 50 weeks a year, this gives us an estimated $70 per week, or $1.75 an hour, as a "reasonable" estimate of the cost of child care. A full-time credit load typically requires between 9 and 15 semester hours of credit during each semester, which is approximately 15 weeks long. Educators estimate that two to three hours of out-of-class time are needed to properly prepare for each semester hour of credit. A full-time student carrying 12 semester hours

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and studying a minimum of two hours per semester hour therefore works a 36-hour week in class and study time alone. This does not even include commuting time or other time commitments. This minimum amount of in-class and study time for 30 weeks (two semesters) would, at our "reasonable" rate of $1.75 an hour, result in $1890 of child care costs. This calculation is approximately 33 percent higher than the average award under the Congressional Methodology, and more than double the average Pell Grant allowance.

TABLE 4

Child Care Costs

Semester Hours	Study Time	Total	30 Weeks @1.75/Hour
12	24	36	$1890
15	30	45	$2362

Given this analysis, we maintain that women's child care costs are systematically underestimated in the student financial aid process by underestimating the number of hours for which it is needed. This analysis also suggests that the percentage of their need that is covered by the financial aid awards is also underestimated in the preliminary Student Aid Study data.

Students must have time to go to the library, hold conferences with professors, or simply for uninterrupted study. Underestimating child care costs by calculating them only for in-class hours, or setting an unrealistic ceiling on the child care allowance, results in an inequitable allocation of financial aid dollars to non-traditional women students with children.

These are are our reasons for recommending the changes in the child care portion of the needs analysis formulas for both Pell grants and other Title IV aid. We recommend, as stated above, that the ceiling on the allowance for child care expenses in the Pell Grant program be lifted from $1000 to $3500. We further recommend that the Congressional Methodology for needs analysis be amended to specify that child care allowances be based on actual expenses incurred for child care, based on the number and age of children, while the student pursues school-related activities including, but not limited to class-time, study-time, field work, internships, and commuting time.

We have two additional recommendations related to women and financial aid that are not contained within the needs analysis provisions of the Higher Education Act. We recommend that Section 479B, dealing with the interaction of AFDC and student aid programs, be clarified by specifying that the allowances for dependent care are included in the costs of attendance that may not be counted as income for the purpose of determining AFDC benefits. In the absence of statistical data on this issue, anecdotal evidence suggests to us that contrary to the intent of

Congress, it is quite common for women who receive higher student aid awards as a result of the 1986 amendments to suffer a reduction in their AFDC benefits. Further clarification, we hope, would reduce the incidence of this problem.

Finally, in order to continue to monitor and evaluate the impact of student financial aid program on all students, including women, we urge that the Student Aid Studies be continued. Too often in the past, published data did not allow data for part-time or independent students to be disaggregated by gender. It is still uncommon for published data to be disaggregated by both race and gender. This information is crucial to our efforts to define critical issues for students and assess the effectiveness of higher education programs, including student financial aid. The Student Aid Studies are a welcome step in the right direction, and should be continued. We would especially urge Congress to request that NCES design the study and tabulate the results in a manner that allows the data to be analyzed for non-traditional students with children.

On behalf of the American Association of University Women, I thank you for the opportunity to testify, and for your interest in ensuring equitable educational opportunities for our nation's women.

Notes

[1] National Center for Education Statistics, Undergraduate Financing of Postsecondary Education: A Report of the 1987 National Postsecondadry Student Aid Study (Washington, DC: U.S. Department of Education, June 1988), p. 13.

[2] Unless otherwise attributed, all the figures in this testimony are the result of our analysis of the preliminary results from the 1990 National Postsecondary Student Aid Study, kindly made available to us by the National Center for Education Statistics. Even with this data, a specific description of non-traditional women students is not possible at this time, for several reasons. Most importantly, the data currently available are based primarily on the survey of institutions, which is the first step of the Student Aid Study; thus, we do not have the student-reported information which was generated in the remainder of the study. We cannot compare the institution-determined budgets with the students' own estimate of their college costs, for instance. Other limitations on the analysis are imposed by the limits of the data collected; we cannot, for instance, isolate reentry women from other non-traditional students. Finally, our analysis is based, as in our May 9, 1991, testimony, on a preliminary examination of a subset of the entire sample of the 1990 Student Aid Study and should once again be taken as suggestive, rather than definitive.

[3] American Council on Education, Fact Book on Higher Education 1989-1990 (New York: Macmillan, 1989), pp. 102-103.

[4] Editors of the Chronical of Higher Education, Almanac of Higher Education 1991, (Chicago: University of Chicago Press, 1991), p. 26.

[5] James R. Wetzel, "American Families: 75 Years of Change," Monthly Labor Review (March 1990), p. 7.

[6] NCES, Undergraduate Financing, p. 13.

[7] Judy G. Touchton and Lynne Davis, Fact Book on Women in Higher Education (New York: Macmillan Publishing Company for ACE, 1991), p. 110.

[8] Fact Book on Women, p. 115.

[9] Fact Book on Higher Education, p. 192.

[10] NCES, Undergraduate Financing, p. 17-18.

[11] For a review of child care cost estimates, see Fern Marx and Michelle Seligson "Child Care in the United States," Chapter 3 The American Woman 1990-1991, pp. 132-169. The 1989 study was done by Runzheimer International for the Children's Defense Fund.

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Mr. SAWYER. Thank you very much, Ms. Shuster. Mr. Harrison?

Mr. HARRISON. Mr. Chairman pro tempore, if I may use that title. I have the interesting distinction of being the last witness to be heard in your 44 days of hearings. The phrase that keeps running irresistibly through my mind is "Waiting 'til the last dog is hung." Finally, it's Fido.

Mr. SAWYER. The other thought is, though, "After you've eaten the whole cow it's probably best not to choke on the tail either."

Mr. HARRISON. I would ask the Chair to take a few days to revise and extend that one.

[Laughter.]

I want to add one more thing to the deserved chorus of compliments that were extended to Chairman Ford and Mr. Coleman and to you, sir, and to the other members of the committee this morning. I can say one thing and only one thing for everybody in the higher education community, and I can say it without fear of contradiction.

That is: Thank you for conducting these 44 days of hearings with unfailing patience, constant courtesy, and for one other thing. The first Congress and James Madison gave us the Bill of Rights and gave us the right to be heard and to petition for a redress of our grievances, but what you, what Mr. Ford, Mr. Coleman, the rest of you, and Mr. Sawyer, Mr. Wolanin, Ms. DiNapoli, all of you, its the 102d Congress have done, is clothe that right with the flesh of the courtesy of listening.

We have not only been heard, we have been listened to, and we can't ask for any more than that. All of us in the higher education community thank you for it.

Mr. SAWYER. Let me just say I wish everyone were here because——

Mr. HARRISON. Me too.

Mr. SAWYER. On behalf of the subcommittee, the work has really been extraordinary. It's been put together as a product of the leadership of Bill Ford and the collaboration with Tom Coleman. It has been an extraordinary process. All of us who serve on this committee, as well as those who serve the committee on a regular basis, as you do, have come to value what we've begun here and think that the product will be substantially better for the contributions that so many hundreds of people across the United States have made to it.

Mr. HARRISON. When this hearing was scheduled for yesterday, the intended witness for the Coalition for Adult and Part-Time Students was Dr. Dolores Cross, President of Chicago State. She could not appear because of the change in time, but I wholeheartedly recommend that you examine her prepared statement, which is in your folders together with mine.

Better than most, Dr. Cross, from her early experience at City University of New York, and her current responsibilities at Chicago State, understands and can articulate the changing nature of the student population, the growing presence on the campus of hard-working, part-time students, seriously committed, sir, to the pursuit of their college education.

My friends in NASFAA, the National Association of Student Financial Aid Administrators, virtually invented the philosophical

rationale for need analysis and most of its methods. What I've learned from Dallas Martin and others at NASFAA about need analysis tells me that the purpose of that enterprise, above all, is to find a way to treat fairly the income and assets of students living in different kinds of economic circumstances.

Much of the history of this subcommittee and the Higher Education Act has been your continuing effort to strike—again the word "fair" comes in—a fair balance and to adjust to the changing circumstances of the collegiate student body and the Nation.

Let me begin with evidence of unfairness, unintended unfairness in the current need analysis system, using some examples provided to me by Corine Williams Byrd, Director of Student Financial Aid at the University of Massachusetts in Boston, and a co-chair of the Coalition for Adult and Part-Time Students.

Ms. Williams is here with us today and can answer technical questions about this issue far better than I can. Let me look at three real students at U Mass, Boston. One of them is married and has four children. The mother does not have an outside job but the husband earns in the neighborhood of $18,000 a year. They pay taxes in the range of $210.

When he talked with his student aid officer, they had cash assets on hand of $360. He is studying English as a second language for 2 credit hours, and an introductory computer science course for 3 hours. Their expected family contribution would be $102. Their Pell Grant index would be 83, which yields a hypothetical Pell Grant in the neighborhood of $2,100. The actual award in this case is zero.

The second case involves a single parent with three kids. She works full time and brings home an annual total of nearly $15,000. Her taxes are in the vicinity of $360. She is enrolled in a single course, History of American Civilization, for 3 hours credit. Her expected family contribution would be $198. Her Pell Grant index would be zero. Her Pell Grant award for next year should be $2,400, but it will be zero.

The third case is that of a married couple with two children and an adjusted gross income of $37,000. Both work full time. They have cash assets of $100, a home with an asset value of $80,000, and debts in the range of $60,000. The husband in this family is taking a single course. Their expected family contribution is nearly $3,000. Their Pell Grant index is 2,658. His award, hypothetically and in reality, is zero.

These students have two things in common. They are each part-time students, and in spite of their widely varying economic circumstances, they each get the same Pell Grant award in the same nice round number of zero. The part-time student issue is a straightforward need analysis issue. I was told to confine myself to need analysis questions; this is one.

Put bluntly, the problem of analyzing the need of the part-time student under current policy, and under some of the proposals which have been put before the committee, is that such a students need, however stark, however desperate, simply cannot be analyzed. Not that the tools of need analysis won't reach it—it can do it in a minute—but that the need analysts are prohibited from doing so.

I submit that is not a methodological flaw, but a moral flaw in the need analysis structure as it is carried out in some programs and as it must be carried out for Pell Grants under current policy.

This form of discrimination—and discrimination is what it is—has been clothed in all sorts of justifications. "Part-time students lack a commitment to the educational enterprise," we are told. "Part-time students are dilettantes. They are not serious about their education," we are told. "Part-time students have jobs and don't need the aid," we are told. And most blatantly discriminatory of all, we are asked "Surely we ought to help all of the full-time students before we start helping these part-timers, shouldn't we?"

You've all heard the numbers in these hearings. I know the first witness before you talked about it. Now the last witness is talking about it. The number you heard a lot about the nontraditional student: mostly older, a majority of them women, a large segment of them from underserved minority and ethnic groups, many of them involved in marginal jobs, and most of them with family responsibilities of their own.

Do they lack a commitment to the enterprise? Do they lack some of that solemnity and seriousness of purpose which we are asked to see in the once typical 18-year-old, full-time freshman, just out of high school?

Mr. Chairman, I submit to you that a mother or father of a small child or two, with, or maybe without a spouse, with a subsistence level job at a fast food outlet or a car wash, who manages to find an evening or two or a weekend to attend classes, to study, and to make painful but satisfactory progress—and that's what the law requires, they have to make it—toward the completion of her undergraduate studies, is about as serious a student as I can visualize.

Are they serious? Well, I think nobody is a better judge of the seriousness of students than the people who teach them. I proudly point out that all of the organizations which represent college teachers, the American Association of University Professors, the National Education Association, and the American Federation of Teachers, all three of them, are members of the Coalition for Adult and Part-Time Students. All three of them stand in support of the legislation introduced by Mrs. Mink, the legislation, part of which will be introduced again my Mr. Gunderson, to provide aid for part-time students. The teachers think these are serious students.

I was a teacher once myself, and my most serious students were the returning adults. Do they take longer to complete their college careers? I'm told that they do and that that's an argument against giving them aid. Mr. Chairman, by definition, they take longer.

The new majority undergraduate, like the graduate student of the past many years, tends to stretch his or her study out over a longer period of time. That's what part-time study is all about: fitting study into those parts of a life which other people fill in by watching television or gardening or boating or bowling.

It's not nobler than those other pursuits, but it is, by any definition, every bit as commendable, and certainly very productive from the point of view of creating what the President called "A Nation of learners."

Do they need the assistance? There, Mr. Chairman, lies the heart of the problem. Intuitively, we know and we agree that many part-

time students do not need financial aid because they have some income, they have some assets, they have some support mechanisms. Many of them do need aid, and some of them need it desperately.

Yet the law, as it read before 1986, and the policy as it is in effect to this day, prevents us from finding out if they need it or not. This is the heart of the discrimination, Mr. Chairman.

The law says, "Come to school if you want to, but don't bother the student aid office or the Pell Grant contractor with your applications for aid. We have already decided, sight unseen, data uncollected, and need unmeasured, that you won't qualify, so don't bother us. You aren't going to school the way we want you to go," and that we, think, is inappropriate.

That, Mr. Chairman and members of the committee, is a textbook definition of arbitrary discrimination. To refuse to allow a student even to have his or her seriousness and need measured simply because her schedule doesn't fit nicely into a 9 to 5 mold. It's discrimination against women in great numbers. It's discrimination against minorities to a significant extent. And as one of your older witnesses, let me say, it is age discrimination with bells on.

In 1986, Mr. Chairman, your subcommittee saw this discrimination for what it was and you fixed it. A key element in your 1986 reauthorization was the opening of Pell Grants and the rest of Title IV to less than half-time students under a fair system of need analysis.

You reaffirmed in 1986 that the first principle of financial need is to make demonstrated need the only yardstick for eligibility. Incidentally, Mr. Chairman, that was almost a direct quotation from the report in 1965 of this committee setting forth the first need-based financial aid program.

Financial need was the yardstick for eligibility. Rather than ruling people out automatically, you created a rough test of need. You limited eligibility for part-time students to those in the greatest category of need, the zero to 200 EFC students. You said that less than half-timers could not count most of their living expenses in becoming eligible.

But you also directed that people whose circumstances do meet these very stringent tests, tests more severe than those applied to any other applicant, would be eligible to receive what the system would allow any other students in the same category. Those students are today, under the law as you wrote it, eligible for Pell Grants and other aid programs, but their Pell eligibility has been suspended annually in the course of the appropriations process.

This frustration of your legislative intent has been cited to you as a reason for changing what you decided to do and dropping that language in current law. The Coalition for Adult and Part-Time Students urges you, Mr. Chairman, to stick by your guns. You were right in 1986. don't change it now.

Tell the Committee on Appropriations and tell us in the higher education community, because some of us need to hear it, that you meant what you began to say in 1965, and what you completed saying in 1986. You meant for the Higher Education Act and Title IV and Pell Grants and the whole panoply of aid be available to

help students go to college the way they can go, the way they want to go, not the way we tried vaguely to remember our fathers going, if they went.

Pell Grant eligibility is not the only issue before the subcommittee, though it is the principal need analysis issue. We urge you to take adequate account of dependent care costs. We hope you will look at a students prospective income, rather than the previous year's income—a matter of special concern to students returning from the labor force, assuring that the receipt of other forms of Federal assistance does not cancel out or is not canceled out by channeling student aid through a student to an institution.

These issues and others are covered in bills which are or will be before you, bills which Mrs. Mink has introduced and Mr. Gunderson, I guess, is going to introduce today. We support Mrs. Mink's bill and the specifications we have seen in Mr. Gunderson's proposal.

Above all, we urge you to make need analysis a process to examine everybody's need, not a system for restoring the vanished campus demography of a quarter century ago. Mr. Chairman, I'm just starting to receive letters from members of the coalition letters in support of this proposal. I would ask permission to have a week in which to submit to you these letters the subject for the record.

Mr. SAWYER. Without objection.

Mr. HARRISON. Thank you, sir.

[The prepared statements of Jim Harrison and Dr. Dolores E. Cross follow:]

*C*oalition for *A*dult and *P*art-time *S*tudents

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TESTIMONY

of

JIM HARRISON

PRESIDENT, AUU

for the

COALITION FOR ADULT AND PART-TIME STUDENTS

before the

SUBCOMMITTEE ON POSTSECONDARY EDUCATION

COMMITTEE ON EDUCATION AND LABOR

UNITED STATES HOUSE OF REPRESENTATIVES

Washington, D. C.

August 1, 1991

(CORRECTED COPY--FOR THE RECORD)

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Mr. Chairman, Members of the Subcommittee, when this hearing was scheduled for yesterday, our intended witness was Dr. Dolores Cross, President of Chicago State University. She could not appear because of the change in date, but I wholeheartedly recommend that you examine her prepared statement, which is in your folders. Better than most, Dr. Cross, from her earlier experience at City University of New York, and her current responsibilities at Chicago State, understands and can articulate the changing nature of the student population--the growing presence on the campus of hard-working, part time students, seriously committed to the pursuit of their college education.

On the broad methodological issues involving need analysis, I will extend enormous respect to the acknowledged professionalism of people who have testified before you--from the American Council on Education and the National Association of Student Financial Aid Administrators. I cannot argue formulas and statistical issues with people of the caliber of Dallas Martin, Pat Smith, Laurent Ross, Larry Gladieux and Barmac Nassirian, each of whom has helped me make the case I make today--some of them by supporting it, some by questioning it. And I am particular indebted to Carol Frances, AUU's Economic and Program Advisor and to Larry Gold of Public Policy Advocates, who earlier and more clearly than most of us, demonstrated what was going to happen to higher education and its clientele. In my own quarter of a century of involvement with higher education issues, I have always been especially impressed by the professionalism of NASFAA. And this being the week of that organization's twenty-fifth anniversary, I would join with those who congratulate them on that occasion.

NASFAA virtually invented the philosophical rationale for need analysis, along with its methods. What I have learned from Dallas Martin and others at NASFAA about needs analysis tells me that the purpose of the enterprise, above all, is to find a way to treat fairly the income and assets of students living in different kinds of economic circumstances. Much of the history of this Subcommittee and the Higher Education Act has been your effort to strike a fair balance and to adjust to the changing circumstances of the collegiate student body--and the changing needs of the nation.

Let me begin then, with some evidence of an element of unfairness in the current system, using some examples provided to me by Carin Williams Byrd , Director of Student Financial Aid at the University of Massachusetts in Boston and a co-chair of CAPS. Ms.Williams is here with me today and can answer questions about the technical aspects of this issue better than I can.

Let's look at three real students at U/Mass/Boston. One of them is married and has four children. The mother does not have an outside job, but her husband earns in the neighborhood of $18,000 a year. They pay taxes in the range of $210. When he talked with his student aid officer, they had cash assets on hand of $360. He is studying English as a Second Language for 2 credit hours and an introductory computer science course for 3 hours. Their Expected Family Contribution would be $102. Their Pell Grant Index would be 83, yielding a hypothetical Pell Grant in the neighborhood of $2,100. The actual award in this case is $0.

The second case involves a single parent with three kids. She works full-time and brings home an annual total of $14,897. Her taxes are in the vicinity of $360. She is enrolled in a single course, History of American Civilization, for three hours credit. Her EFC is about $198. Her Pell Grant Index is 0. Her Pell Grant award for next year should be $2,400. But it will be $0.

The third case is that of a married couple with two kids, and an adjusted gross income of $37,000. Both work full time. They have cash assets of $100, a home with an asset value of $80,000 and debts in the range of $60,000. The husband is taking a single course. Their EFC is $2954. They Pell Grant Index is 2658, and his award, is also $0

These students have two things in common. They are each part-time students. And in spite of their widely varying economic circumstances, they each get a Pell Grant award of 0.

The part-time student issue is a straightforward needs analysis issue. Put bluntly, the problem with analyzing the need of the part-time student under current policy, and under some of the proposals which have been put b=fore the Committee, is that such a student's need, however stark, however desperate, simply cannot be analyzed. Not that the tools of need analysis won't reach it. But that the needs analysts are prohibited from doing so. That, I submit, is not a methodological, but a moral flaw in the needs analysis structure as it is carried out for some programs, and must be carried out for Pell Grants under current policy.

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In 1965, when the Congress enacted the Higher Education Act and began the development of need-based student assistance programs, it limited such assistance to students who were engaged in their educational pursuit "essentially on a full-time basis".

But even with that limitation in the Act, the Congress in 1965 understood that the nature of the college-going population was changing--and would change further because of the very fact of Federal investment in student aid.

The 1965 Report of this Committee said, in considerable defiance of the then-conventional wisdom:

"The Committee has not set age limitations with respect to recipients, nor is a preference accorded to any specific academic discipline or year of study. It is the student's financial need which is the foremost consideration in the selection of recipients."

(89th Congress, 1st Session, House Report 621, accompanying HR 9567, The Higher Education Act of 1965.

Subsequent amendments to that Act, provided that need-based aid could be extended to students who were registered, not on a full-time basis, but on a half-time basis, as defined by the institution involved. That provision, the half-time limit which is still effectively in operation, was not intended as a limitation, but an opening up of new possibilities.

But over the years, as more and more students began attending college at a rate of one or two courses at a time, the half-time opening has become itself a barrier--an arbitrary barrier, surely not a malicious one, but nonetheless, an arbitrary and discriminatory barrier to student opportunity. The half-time provision did not say to students, "you must attend on a half-time or greater basis". It did not say to schools, "You must admit students on a half-time or greater basis." To say either of these things would have been an absurd bucking of the demographic trends. But it does say, "If you attend at less than half-time, we have guessed that you probably don't need aid, and so we forbid the school or the need analysis system even to examine your individual need for any sort of Federally funded aid."

This form of discrimination has been clothed in all sorts of statistical justifications.

"Part-time students lack a commitment to the educational enterprise", we are told.

"Part-time students are dilettantes. They are not serious about their education", we are told.

"Part-time students have jobs, and don't need the aid". we are told.

And, most blatantly discriminatory of all, "Surely, we ought to help all the full-time students before we start helping these part-timers, shouldn't we?". we are asked.

You have all seen the numbers about the non-traditional student. Mostly older, a majority of them women, a large segment of them from underserved minority and ethnic groups, many of them employed at marginal jobs, most of them with family responsibilities of their own.

Do they lack a commitment to the enterprise? Do they lack some of that solemnity and seriousness of purpose which we are asked to see in the once typical 18-year-old full-time freshman, just out of high school? Mr. Chairman, I submit to you that a mother or father with a small child or two, with or maybe without a spouse; with a subsistence-level job at a fast-food outlet or a carwash; who manages to find an evening or two or a weekend to attend classes, to study, and to make painful but satisfactory progress, sometimes half or even full-time, but sometimes one course at a time toward the completion of her undergraduate study, is about as serious a student as we can visualize.

Do they take longer to complete their college careers? By definition, they do. The new majority undergraduate, like the graduate student of the past many years, tends to stretch his or her study out over a longer period of time. That's what part-time study is all about--fitting study into those parts of a life which other people fill in by watching television or gardening or boating or bowling. It's not nobler than those other pursuits. But it is, by any definition, every bit as commendable, and surely more productive from the point of view of creating what the President called a nation of learners.

Do they need the assistance? There, Mr. Chairman, lies the heart of the problem. Intuitively, we know that many part-time students do not need financial aid because they have some income, some assets, some support mechanisms. But many of them do need aid, and some of them need it desperately. Yet the law, as it read before 1986, and the policy as it is in effect to this day, prevents us from finding out if they need it or not. This is the heart of the discrimination, Mr. Chairman.

The law said, "Come to school, if you want to. But don't bother the student aid office, or the Pell Grant contractor with your applications for aid. Because we have already decided, sight unseen, data uncollected, and need unmeasured, that you probably won't qualify. Don't bother us. You aren't worth it. You aren't going to school the way we want you to go, and we don't think that is appropriate"

That, Mr. Chairman and Members of the Committee, is a textbook definition of arbitrary discrimination. To refuse to allow a student even to measure his seriousness or her need simply because her schedule doesn't fit nicely into a 9-to-5 mold.

It is discrimination against women, in large numbers. It is discrimination against minorities to a significant extent. It is age discrimination with bells on.

In 1986, Mr. Chairman, your Subcommittee saw this discrimination for what it was, and you fixed it. A key element in your 1986 action was the opening of Pell Grants to less-than-half-time students under a fair system of needs analysis. You reaffirmed that the first principal of financial need is to make demonstrated need the only yardstick for eligibility. Rather than ruling people out automatically, you created a rough test of need.

You limited eligibility for parttime students to those in the greatest category of need--$0 to $200, and you said that less-than-half-timers could not count most of their living expenses in becoming eligible. But you also directed that people whose circumstances do meet these stringent tests--tests more severe than those applied to any other applicant--would be eligible to receive what the system would allow other students in the same category of need.

Those students are today, under the law, eligible for Pell Grants and other aid programs. But their Pell eligibility has been suspended annually in the course of the appropriations process. This frustration of your intentions has been cited to you as a reason for changing what you decided to do, and dropping that language from current law. We urge you to stick by your guns. You were right. Tell the Committee on Appropriations--and tell the higher education community, too--that you meant what you began to say in 1965 and the sentence you completed in 1986. You meant for the Higher Education Act, and Title IV and Pell Grants to be available to help students go to college they way they want to go to college--not the way we try to remember our fathers going.

Pell Grant eligibility is not the only issue before the Subcommittee, though it is the principal need analysis issue. We also urge you to take adequate account of dependent care costs. We hope you will look at a student's prospective income, rather than the previous year's income--a matter of special concern to students returning from the labor force. Assuring that the receipt of other forms of federal assistance does not cancel out or is not canceled out by channeling student aid through a student to an institution. But these issues and others are covered in bills which are or will be before you--bills by Mrs. Mink and Mr. Gunderson. We support Mrs. Mink's bill and the specs we have seen of Mr. Gunderson's proposal.

But above all, we urge you to make need analysis a process to examine everyone's needs, and not a system for restoring the vanished campus demography of a quarter-century ago.

*C*oalition for *A*dult and *P*art-time *S*tudents

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WHY AID FOR PART-TIME STUDENTS?

PRESENTED BY

DR. DOLORES E. CROSS

PRESIDENT

CHICAGO STATE UNIVERSITY

TO THE

SUBCOMMITTEE ON POSTSECONDARY EDUCATION

COMMITTEE ON EDUCATION AND LABOR

U. S. HOUSE OF REPRESENTATIVES

AUGUST 1, 1991

C A P S 1660 L Street, N.W., #610, Washington, D.C. 20036
Tel# (202) 833-5683 Fax# (202) 857-0384

There is no question that the part-time student is an increasingly important participant in our nation's higher education system. Data from the U.S. Department of Education indicates that in 1989, there were nearly six million (5,803,991) part-time students enrolled in institutions of higher education nationally, and that they comprised 43 percent of all higher education enrollments. Since 1980, the number of part-time students has increased by 16 percent, as compared with an 8 percent growth for full-time students.

Today, at Chicago State University, 58 percent of our students attend on a part-time basis. That proportion has grown steadily, mirroring the national trend.

These data are clear evidence that the shift in the balance between full-time and part-time enrollments has been an ongoing phenomenon during the past decade, particularly at urban commuter institutions. Low-income and non-traditional students, in particular, have been finding it increasingly necessary to attend school on a part-time basis. Some will complete their degrees through a combination of full and part-time attendance. In any case, degree completion in four years has become the exception rather than the rule. And that trend likely will be exacerbated by the reality of a troubled economy.

Research conducted in New York State during the mid-1980's provided the impetus for the creation of that state's aid for part-time study (APTS) program. That research provided considerable insight into the experiences and contributions of part-time students. We learned that most part-time students are working

adults and that many of them also have family responsibilities. By and large, we found that part-time students are capable, serious individuals with academic strengths and weaknesses similar to those of full-time students. Many, though, still lack the floor of financial support needed to achieve their education aspirations. This is the result of several factors:

- First, because they tend to be older, part-time students are much more likely to be financially independent of their parents. This means that they lack the support and the "safety net" available to the more traditional students.
- Second, students who attend part-time do so more out of necessity than by choice. A primary reason for part-time attendance is the need to work and support themselves and their families.
- Third, part-time students take longer to complete their studies and attain their degrees, thereby incurring increased costs of attendance and greater investments of time and resources.

Given these circumstances, it is clear that student aid can make a difference between whether part-time students can pursue an education or not. And, in recognizing that most students do not complete in four years, that aid must be given with the assurance that it will be available for as long as the student needs it. What we must do is provide assistance in filling the gaps experienced by our most vulnerable students. At the same time, we will be sending the message that we recognize their sacrifices and that we want to help them succeed.

Finally, it behooves us to recognize the significant role that financial assistance plays in providing educational opportunity for needy part-time students, and the subsequent benefits that their educational attainment brings to all of our society. To disregard the talent, experience and dedication represented in this growing pool of students would be a grave mistake, for we would fall short in meeting our obligations to people who are sacrificing to go to school to make better lives for themselves, for their families, and for this country.

Let us not make the mistake of looking only at the short term costs. Let us look also at the long term returns on our investment in the education of the fastest growing segment of our student populations.

Thank you.

Mr. SAWYER. Thank you all very much. It has been a long and not to say exhausting, but certainly exhaustive process. What you have suggested here this morning I think is enormously important. This country is undergoing change at a pace today that we literally have not seen in a century. Not since the 1890's have we seen this kind of movement of people within and across the country. There are enormous changes in the way people earn their livings, in the way we make things, the way we do things and the level of expectations we have of one another and the skills we apply to that.

We've seen enormous change also in the American family and in the way in which it nurtures itself. I think many of the issues that you've talked about today and that we've heard talked about over the course of these many weeks, have been issues that are being driven by that kind of change.

You talk about the demographics of the university campus. Certainly that has changed from the time when these programs came together. When we spoke of parents, we thought predominantly of the parents of students, whereas, today, we are just as likely to be talking about parents as students themselves, trying to take care of their own young families.

The measurements of need are not necessarily well served by the same formulas. The process of accessing those dollars is not necessarily well served by data gathering techniques and measurements that are layered one on top of another over that quarter of a century of change.

The Chairman's decision to look fundamentally at all of this is critically important. The change that we are seeing right now has accelerated the need for just this kind of review. We are not talking about a time when we could, with sanguine abandon, look forward to people changing careers, two or three times in the course of a working lifetime.

We are in the midst of a time, frankly, when, in order to keep pace with changing expectations, education must be more or less continuous. It may not be possible for all of this to take place on college campuses and in other postsecondary institutions. Education may well have to spread from centralized locations into the workplaces of this country.

If we don't take a look at the product of that change, we will not deal with it in our families or in our Nation. I just have to say that I think that change is not in this country alone. It is global.

It was global a century ago, when we saw the way in which nations related to one another change fundamentally. We went from empires of tradition and colonial wealth to a world in which nations that were powerful and productive were measured by the merit and capacity of their citizens.

We started that revolution in no small way in this country, and we have taught the rest of the world the value of those lessons. We will either continue to act on them or we will be less in the next century than we have been in the past. The development and growth of higher education in this country, in the 1890's, was. I suspect, largely responsible for the growth of power and productivity in the United States.

If we act well here, it will be again. I thank you very much for your contributions to that.

If there is no further business to come before us, we stand adjourned.

[Whereupon, at 12:50 p.m., the subcommittee was adjourned.]

[Additional material submitted for the record follows.]

I

102D CONGRESS
1ST SESSION

H. R. 190

To amend section 411 of the Higher Education Act of 1965 to exclude from eligibility calculations for basic grants the value of a family's residence.

IN THE HOUSE OF REPRESENTATIVES

JANUARY 3, 1991

Mr. ROE introduced the following bill; which was referred to the Committee on Education and Labor

---

A BILL

To amend section 411 of the Higher Education Act of 1965 to exclude from eligibility calculations for basic grants the value of a family's residence.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 411(a)(3)(B)(ii)(IV) of the Higher Education Act of 1965 (20 U.S.C. 1070a(a)(3)(B)(ii)(IV)) is amended by inserting after "family" the following: ", excluding the value of such family's principal residence".

SEC. 2. The amendment made by the first section of this Act shall be effective for the academic year 1991–1992 and thereafter.

○

AMERICAN FEDERATION OF TEACHERS AFL-CIO
555 NEW JERSEY AVENUE NW
WASHINGTON, DC 20001
202 879-4400

ALBERT SHANKER
President

August 1, 1991

The Honorable William D. Ford, Chairman
Subcommittee on Postsecondary Education
Committee on Education and Labor
United States House of Representatives
Washington, D.C. 20515

Dear Chairman Ford:

On behalf of the 778,000 members of the American Federation of Teachers, I urge you to retain - and fund - the Pell Grant provision that provides aid to students who attend school on a less than half-time basis.

The profile of the postsecondary student has changed dramatically. More than 40 percent of college students are above the age of 24, and at community colleges, the average age is 30. The number of part-time students continues to increase, and more students are independent of parental support or head their own households. Our country's economic plight has resulted in more students being forced to change the way they obtain an education.

The aid to less than half-time students provision ensures that those in the greatest categories of need can receive support for a portion of their college attendance costs if circumstances require them to attend less than full-time and are making satisfactory progress. This is a low-cost provision that recognizes the reality that a substantial proportion of those attending college are older, nontraditional students.

The AFT is a member of the Coalition for Adult and Part-time Students (CAPS) and we join with other members of that group and urge you to retain this provision.

Sincerely,

Albert Shanker
President

AMERICAN ASSOCIATION OF UNIVERSITY PROFESSORS
1012 FOURTEENTH STREET, N.W., SUITE 500
WASHINGTON, D.C. 20005
(202) 737-5900

President
Barbara R. Bergmann
American University

General Secretary
Ernst Benjamin

July 29, 1991

The Honorable William D. Ford
Chair, House Committee on
Education and Labor
U.S. House of Representatives
Washington, DC 20515

Dear Mr. Ford:

I write on behalf of the American Association of University Professors in support of the reauthorization of current provisions of the Higher Education Act which extend eligibility for federal student assistance programs to part-time students.

Our support reflects our longstanding commitment to equal educational opportunity and our strong belief that federal student assistance programs play a determinative role in encouraging students to seek access to higher education. Not all students are able to devote full time to their academic studies. Nor are all students able to enter college full-time immediately following high school graduation. Many African Americans and other minorities, women, and older students must of necessity limit their attendance to part-time status because of work- or family-related responsibilities. They should not be penalized in the receipt of federal student assistance simply because they are not enrolled as full-time students.

We are particularly concerned that despite the current provisions of the Higher Education Act Pell Grants are not available to part-time students.

We are members of and support the Coalition for Adult and Part-time Students.

We shall appreciate your consideration of our request.

Sincerely,

Barbara R. Bergmann
Barbara R. Bergmann
President

BEST COPY AVAILABLE

nucea
NATIONAL
UNIVERSITY
CONTINUING
EDUCATION
ASSOCIATION

August 2, 1991

The Honorable William D. Ford
Chairman
Committee on Education and Labor
U.S. House of Representatives
Washington, D.C. 20515

Dear Mr. Chairman:

On behalf of the some 400 member colleges and universities of the National University Continuing Education Association (NUCEA) and the millions of part-time students served by those institutions, I urge you and the members of the Committee to support the provision of Pell and need-based financial assistance to less-than-half-time students. In short, NUCEA endorses the position of the Coalition for Adult and Part-Time Students on the Higher Education Act reauthorization, and H.R. 2331 introduced by Mrs. Mink on May 14, 1991.

These students became eligible to receive Pell Grants effective autumn of 1989 under the 1986 Amendments to the Higher Education Act of 1965. However, action by the appropriations subcommittees rescinded that eligibility during all of 1990 and 1991. Now the House and Senate have proposed denying these neediest of students eligibility to receive Pell Grants through 1992 as well.

Mr. Chairman, we in higher education are well aware of the financial constraints you face in making budgetary decisions. All we ask, however, is that budget cuts be shared equitably, and not be borne disproportionately by less-than-half-time students.

I hope that you and your colleagues will ensure that all students, regardless of their attendance status, are eligible to receive federal student financial assistance under the Higher Education Act reauthorization bill that will emerge shortly from your Committee.

Thank you for your kind consideration of this request.

Sincerely,

Kay J. Kohl

Kay J. Kohl
Executive Director

Suite 615
One Dupont Circle
Washington DC 20036
202-659-5150

47-525 0 - 92 - 10

Joint Commission
On Federal Relations

July 22, 1991

The Honorable William D. Ford, Chairman
Committee on Education and Labor
2371 Rayburn House Office Building
Washington, D.C. 20515

Dear Mr. Chairman:

In our formal Position Statement on the reauthorization of the Higher Education Act, ACCT and AACJC, circulated earlier to Members of Congress, we reaffirmed our strong support for renewing the eligibility of less-than-half-time students for Title IV assistance. The Position Statement, which has been ratified by the Boards of both AACJC and ACCT, is attached.

In the light of the sweeping challenges our society and workforce face in demographics, technology, workplace change, and global competition, it would be a certain step backward in federal policy supporting human resource development not to keep less-than-half-time students eligible for Title IV assistance, especially Pell Grants. Vast numbers of the Americans who will constitute the large majority of workforce entrants in the next generation, namely women and ethnic minorities, already bear job and family responsibilities that preclude their taking more than one college course at a time to advance their job skills. Yet, unless they have the access to periodic training to achieve and maintain their job readiness, and to reach their fullest career potential, the country in the end will suffer as much as they will.

Economists have emphasized that the aggregate skills levels of the workforce will account for 75 percent of the nation's future ability to compete. Recent California data has shown that students receiving federal and state aid academically outperform the non-aided students, which is further evidence of the importance of Title IV access in enhancing the nation's skill base. I have cited this data in my latest column for the AACJC Journal, which is attached.

We know that it has been primarily through the leadership of your Committee that aid to less-than-half-time students is currently authorized, if not funded. We greatly appreciate your leadership in this regard.

Sincerely,

Frank

Frank Mensel
Vice President for Federal Relations, AACJC
Director of Federal Relations, ACCT

cc: Representative Goodling, Representative Gunderson

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1740 'N' Street, NW
Washington, DC 20036
(202) 347-1740

American Association of Community and Junior Colleges
One Dupont Circle, NW, Suite 410
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National Association For Equal Opportunity In Higher Education
NAFEO • Black Higher Education Center • Lovejoy Building • 400 12th Street, N.E.
Washington, D.C. 20002 • Telephone (202) 543-9111 • Fax No. (202) 543-9113

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Vice President, NAFEO
Washington, DC

July 30, 1991

The Honorable William D. Ford
Chairman
Committee on Education and Labor
U.S. House of Representatives
Washington, D.C. 20515

Dear Chairman Ford:

The National Association for Equal Opportunity in Higher Education (NAFEO), representing 117 historically and predominantly Black colleges and universities which enroll 300,000 students, requests that student aid eligibility for less-than-half-time students be renewed in the reauthorization of the Higher Education Act. The majority of students attending NAFEO institutions are from low-income families and receive some form of federal student aid. Moreover, many of our institutions, which serve urban areas with high unemployment, enroll large numbers of part-time traditional and non-traditional students who are in need of financial aid.

If financial aid could be made available to the part-time students, including less than half-time, that we serve, our campuses would experience enrollment and graduation increases, and the nation would send a message that educational opportunities are available to all who can benefit.

If eligibility for aid to less-than-half-time students is renewed, we will work aggressively and tenaciously to secure the necessary funding for student aid to cover all eligible classes.

Thank you for all that you and your committee are doing to respond to the requests of the education community during this reauthorization period.

Cordially,

Samuel L. Myers
President

San Francisco State University
1600 Holloway Avenue
San Francisco, California 94132

Office of the President
415/338-1381

July 29, 1991

Hon. William D. Ford, Chairman
Committee on Education and Labor
U.S. House of Representatives
Washington, D.C. 20515

Dear Mr. Chairman:

I understand that the Coalition for Adult and Part-Time Students will be represented at the closing hearing in your marathon exploration of the issues facing the Congress as it moves to reauthorize the Higher Education Act.

I reiterate today what I said in testimony to you three months ago, that the work of the Congress, spearheaded by your Committee and its Senate counterpart over the past quarter-century, has wrought major change in the size and in the ethnic, gender and economic mix of the nation's higher education student population. The Congress has tried to make our campuses more open to a wider and deeper portion of our population and it has worked like a charm -- to the benefit of the students, the institutions, and the nation as a whole.

Today, CAPS is presenting testimony to you in support of one of its major legislative goals -- student financial aid eligibility for the less-than-half-time-student. It seems to me that this kind of change in our financial aid system is perfectly in keeping with the bipartisan record of the past 25 years. It is clear from my experience at San Francisco State University, and in other urban institutions around the country, that these part-time students are an important and beneficial part of the demographic shift you have helped bring about

Hon. William D. Ford, Chairman
Committee on Education and Labor
U.S. House of Representatives
July 29, 1991

on the campus. They deserve no special consideration. But they surely deserve equal treatment at the student financial aid office and in the Pell Grant system.

As President of San Francisco State University, as President of the Association of Urban Universities, as Co-Chair of CAPS, I urge your Committee to follow its own traditions and the lead proposed by Mrs. Mink and Mr. Gunderson and to extend full student aid eligibility to part-time students.

Sincerely yours,

Robert A. Corrigan
President

cc: Dr. Barry Munitz, Chancellor, The California State University
Mr. William D. Campbell, Chair, Trustees of the California State University

INDIANA UNIVERSITY
SOUTHEAST

OFFICE OF THE CHANCELLOR

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New Albany, Indiana 47150
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FAX: (812) 941-2475

July 24, 1991

The Honorable William D. Ford, Chairman
Committee on Education and Labor
U.S. House of Representatives
Washington, DC 20515

Dear Representative Ford:

Please support the extension of eligibility for federal student financial aid to students enrolled less than half time. The following facts should be considered:

1. In southeast Indiana, as in other parts of the country, average per capita incomes are well below the national average.

2. College attendance rates in southeast Indiana are below both the national and state averages.

3. The percentage of non-traditional college students has increased dramatically in recent years and projections show it will continue to increase.

A large percentage of non-traditional students are first generation college students with responsibilities for homes, families and jobs. By making financial assistance available for less-than half time attendance we can help these students begin college careers slowly and build up confidence. They can also learn to balance college with various other responsibilities.

One word of caution: In 1989-90 eligibility was extended to these students. Failure to adequately increase funding caused a discontinuance in 1990-91. Adequate funding must be made available for additional students.

Sincerely,

Leon Rand
Chancellor

LR/rjm

University of Hawaii at Manoa

Office for Non-Traditional Students
2445 Campus Road, Hemenway 213
Honolulu, Hawaii 96822

July 26, 1991

Hon. William D. Ford, Chairman
Committee on Education and Labor
US House of Representatives
Washington, DC 20515

Mr. Chairman and Members of the Committee,

It is my understanding that legislation is presently being considered which will strengthen and reauthorize the Pell Grant Program for students in higher education. I favor raising the Pell Grant minimum and extending eligibility for middle-income students. However, I also advocate a provision of law which makes less-than-half-time students eligible for Pell Grants.

The recent and dramatic increase in the number of returning adult students on campuses nationwide is testimony to a major shift in student demographics. The University of Hawaii is no exception. Non-traditional students comprise over 40 percent of student enrollment at the main campus, and make up a large majority of the system's community college enrollment.

While these enrollment trends are revealing, they do not describe the enrollment patterns of older students. Many are part-time students, and a great number are less-than-half-time. With the high cost of living in Hawaii, most adult students who are established in job, home, and family cannot forego employment to become full-time or even half-time students. They are forced to attend classes compatible with a rigid work schedule; thus, these students are generally less-than-half-time status. Such students need assistance from Pell Grant funding as well.

Thank you for your consideration of these concerns.

Sincerely,

Neva C. Owens

Neva C. Owens, Program Coordinator
Office for Non-Traditional Students

cc: Rep. Patsy Mink
Rep. Neil Abercrombie
President Albert J. Simone
Vice-President Doris Ching
Dr. Amy Agbayani, Minority Student Programs

An Equal Opportunity Employer

UNIVERSITY OF MASSACHUSETTS AT BOSTON
HARBOR CAMPUS
OFFICE OF STUDENT FINANCIAL MANAGEMENT
BOSTON, MASSACHUSETTS 02125-3393

August 7, 1991

Honorable Patsy Mink, M.C.
U. S. House of Representatives
Washington, D.C. 20515

Dear Mrs. Mink,

I was very happy to have the opportunity to meet you in person last week. As one of the Co-chairs of the Coalition for Adult and Part-time Students, I join with my fellow chairs in thanking you for your support and interest on the question of the part-time students.

I was disappointed when the roll-call bells called you and other members away to the House floor just at the end of last week's hearings, but at least I have gained the time to put into writing the cost data we discussed before the Thursday hearing, and which I hope you may make available for the hearing record.

As CAPS has consistently argued, Pell Grant eligibility for part-time students is not a serious budget issue, whatever conjectural numbers may have been put forward. I can testify from my experience at UMass/Boston that while the overall total of part-timers is indeed growing, the portion of that population who can qualify for grants under current funding remains small.

During the Spring 1991 term, there were 375 financial aid applicants who attended on a less than half-time basis. Of these, only 59 were Pell Grant eligible. Had Pell funding been available, these 59 students would have received a total of $11,800 for the entire academic year.

Thank you again for your leadership and commitment.

Sincerely,

Corine Williams Byrd

Corine Williams Byrd
Director,
Student Financial Management

CWB/pb

THE WASHINGTON POST EDUCATION REVIEW/NOVEMBER 18, 1990

Hitting the Books Late

How Older Students Pay the Bills

By Debbie Goldberg

IN SOME WAYS, Margaret Murphy, a divorced mother of six on welfare, is a success story. When her youngest child started kindergarten in fall 1987, Murphy enrolled in college.

With the help of federal, state and institutional aid, Murphy, 46, expects to graduate in 1992 with a degree in elementary education from Indiana University Northwest in Gary, Ind. The college financial aid she receives has led to a drop in her Food Stamp benefits (from about $250 to $148 a month), but Murphy has managed to make ends meet, although sometimes just barely.

"After the divorce, I wanted to do something positive for me and my children. I didn't want to work in a factory," Murphy said about her decision to go to college. But she also knows that her commitment is unusual for many in her circumstances, and last summer she started a support group on campus, called the New Majority, to encourage other adult learners "who are a little afraid to come in and stick it out."

Whether they're called the new majority, returning students, or adult learners, this category of college students has been increasing steadily. The U.S. Department of Education says that in 1987, the most recent year for which figures are available, 41 percent of all undergraduates were 25 years and older. The number of undergraduates over age 25 more than doubled between 1972 and 1987, from 2.5 million to 5.3 million students. (According to 1988 Census Bureau figures, the majority of students 25 and older are white, with 10.4 percent black and 5.5 percent Hispanic, about the same as the traditional college-age population.) And a College Board study projects that these students will be in the majority by the year 2000.

Traditionally, most college students enrolled at age 18 right out of high school and attended classes full time. So-called nontraditional students are those who are older or who are attending school part time, or both. Many nontraditional students are enrolled in urban, public institutions and two-year community colleges, mostly because of their relatively low costs, although a few private institutions, such as Northeastern University in Boston, serve substantial numbers of older students.

Even as these adults stream to campus in increasing numbers, many question how well a system designed to serve an 18-year-old supported by his or her parents works for students like Margaret Murphy. And when talking about the issue of access to higher education, financial aid is one of the most important factors.

In a way, Murphy is lucky. She has so little that she had no problem qualifying for aid. And because she doesn't work, she can attend school full time, which makes her eligible for aid that someone taking only one or two courses at a time can't get. Indeed, the system discourages her from working while attending school: If she earned money, her government support would likely be slashed, and at least now her children's health care costs are covered by Medicaid.

In fact, students of any age are eligible for financial aid, but it is the specific circumstances of many adult students that can make it more difficult for them to receive the aid they need. "There are a number of ways people think the system is disadvantageous to older students," noted Arthur Hauptman, a consultant to the American Council on Education. Older students, said Hauptman, have often left a job to return to school. In addition, "they have fixed living costs and often have families to support, and there's a feeling that the traditional needs analysis system doesn't recognize the needs of the family while a husband or wife is going to school."

By comparison, a traditional student from even a needy family can usually count on a place to sleep and food to eat. "An 18-year-old living at home can usually finance education through a part-time job," said Marie Bennett, coordinator of student benefits and support services at Northern Virginia Community College, where the average age of students is almost 30.

At about $85 a course, Northern Virginia Community College can be considered a bargain. Yet, Bennett pointed out, living costs are high in the area, and many adult students "need rent, food and so forth for their families, so even this college can be expensive to finance for a two-year period." In addition, child care can be a big expense for adult students.

Because of their financial obligations, older students usually work. At the University of Massachusetts at Boston, where the average student is more than 27 years old, some 95 percent of freshmen this fall work at least 20 hours a week, and many have full-time jobs, said Corine Williams Byrd, director of student financial management.

Byrd says about 60 percent of the approximately 13,000 students enrolled would be considered nontraditional. Many are separated or divorced women. Some are veterans. Others are simply stuck in dead-end, low-paying jobs.

The catch-22 for adult students who continue to work is that it usually forces them to attend school part time, which can reduce their eligibility for financial aid. In fact, college students enrolled less than half-time are not eligible for the two largest federal sources of aid, Pell Grants and Stafford Loans.

Concerned that the financial aid system favored traditional students, Congress in 1986 changed the law to allow Pell Grants, which provide up to $2,300 per student each year, to go to students enrolled less than half time in college, but this provision has since been put on hold amid concerns about the cost involved and spreading the Pell Grant dollars too thin.

Byrd has lobbied for the change in Pell Grant eligibility. "Our students often can only take one course or maybe two, because they have to work to take care of their families," she said. Bennett, however, acknowledged that, "under current funding levels, it's difficult to justify spreading the money around even more."

And even if they manage to start school with a full course load, older students can be sidetracked easily from their studies. A sick child, a widowed parent, a job transfer can all put an immediate end to the semester for an adult. "It doesn't mean they're less committed, but they might have to leave for the semester," said Peggy Gordon Elliott, chancellor at Indiana University Northwest, where more than half the students are enrolled part time.

Another factor that places older students at a disadvantage is that financial aid is based on income earned the year before applying for aid. Since this information is easily verified with a tax return, it is an accurate way to measure need for a traditional student whose parents will probably earn about the same amount the next year.

But for adult students, who may leave their jobs to enroll in school, or whose economic situation may have changed through divorce, for instance, the use of the prior year income to determine eligibility for aid can be misleading. "For independent students, the concept is inherently flawed," said Lawrence Gold, an education consultant whose book, *Campus Roadblock*, details the obstacles that nontraditional students face in going to college.

Adults also may lose other government benefits if they go to college. Food Stamps or Aid to Families with Dependent Children are likely to be cut if financial aid is awarded, as happened in Margaret Murphy's case. Also, Gold noted, a displaced worker collecting unemployment often cannot collect benefits if the worker wants to attend, say, a community college to get more marketable skills. Federal law allows unemployed workers to get training while receiving benefits. However, Gold found that because of state regulations and individual caseworker discretion, few unemployed people are able to go to college while collecting benefits.

So how do adults manage to pay for college? Many get financial aid; others work, enroll at low-cost institutions, take advantage of employer tuition benefits and borrow money.

Consider Michele Lee, 43, who earned her B.A. in English and in black and women's studies in 1990 at the University of Massachusetts at Boston, and is now working toward a graduate degree in American studies. She left a bookkeeping job to enroll in college, and borrowed about $20,000 while earning her undergraduate degree. Although she had four children to support, Lee said, "going to school was a lot easier than having no future."

And now that Lee is working in the university's financial aid office, she gets tuition benefits, too. According to a 1980 Department of Labor survey, about 70 percent of workers at mid- and large-sized companies were eligible for tuition benefits to take job-related courses, while 18 percent of workers were eligible for non-job-related tuition benefits.

There are also a small number of private scholarships targeted to nontraditional students. Since 1974, Chirel has been offering grants of up to $1,000 to about 80 women annually who are at least 30 years old and want to go to college to fulfill a career goal. The grants can be used for part-time study, and to pay related expenses such as child care and books, said Ellen Anderson, director of Chirel's public service programs.

One of the biggest blocks of all for adult students is the perception that they're not eligible for financial aid. "Lack of information is the biggest handicap," Gold said. "Adults feel they're not eligible for aid ... college catalogues usually don't let them know [it's] their potential for aid is, and financial aid offices are closed at night."

With this in mind, Byrd sends financial aid forms to every student enrolled at the Boston campus and recommends they apply for aid, but still, she said, "many just don't do it."

Although most colleges and universities are geared to the needs of young adults just out of high school, others are taking steps to improve the environment for older students, realizing not only that adults are providing new blood at a time when the traditional college-age population is declining, but also that they are often serious, goal-oriented students. At Northern Virginia Community College, for instance, the majority of adults are seeking credentials for jobs, Bennett said.

And at the University of Maryland at College Park, women 25 years and older have the highest grade-point averages on campus, said Barbara Goldberg, co-coordinator of the Returning Students Program, which serves the 4,300 undergraduates over age 25 on campus. This group now makes up 14 percent of College Park undergraduates, she said, up from about 10 percent in 1985.

To serve this growing group of students, Goldberg's office provides workshops, courses and newsletters that focus on such areas as financial aid, course and instructor information, time management, study skills, and career exploration. "Adults primarily need information and support," Goldberg said, pointing out that these students generally don't have the networking advantage that younger students get through the residence halls, student unions and other typical campus hang-outs. Not surprisingly, adult students are least interested in the leisure activities offered at college, she continued. "They just don't have the time." ■

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NATIONAL HOME STUDY COUNCIL
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Office of the Executive Director

August 1, 1991

Honorable William D. Ford, Chairman
Subcommittee on Postsecondary Education
U.S. House of Representatives
Washington, D.C. 20515-2215

Dear Mr. Chairman:

With fewer than a dozen home study schools participating in Title IV programs, the National Home Study Council (NHSC) initially concluded that its April 8, 1991 response to the Subcommittee would be sufficient to present its views. Since then, however, some witnesses -- and recently proposed legislation -- have recommended eliminating correspondence education as an alternative for those citizens unable to avail themselves of residential education.

Those witnesses apparently recognized that home study is effective, as shown by the millions of servicemen and women being trained this way, and that eligible civilians can likewise benefit by self-study through correspondence. Their only contention was the unsupported assertion that this form of education cannot be monitored -- an assertion that is disproved by the sponsorship of home study by major American corporations and home study's inclusion in the Montgomery G.I. Bill and the DANTES program.

To insure that the Subcommittee has the real home study story, the NHSC has prepared the enclosed statement. We believe that it demonstrates that correspondence education, part of the American educational scene for over 100 years, belongs in any federal program designed to assist those seeking to improve their status through education.

We ask that the enclosed statement be made part of the Subcommittee's hearing record. We stand ready to furnish additional information and to answer any questions about home study.

Sincerely yours,

William A. Fowler
Executive Director

bh
Enclosures

cc: Members, Subcommittee on Postsecondary Education

The nationally recognized professional association of home study schools—a nonprofit public service organization.

National Home Study Council

Comments on the
Reauthorization of the Higher Education Act
Presented to the House Subcommittee on
Postsecondary Education
August 1, 1991

I. Introduction

As spokesman for the nation's accredited home study institutions, the National Home Study Council (NHSC) submits these views for the Subcommittee on Postsecondary Education's consideration. Although correspondence education accounts for a relatively small proportion of the student aid program and only a small percentage of NHSC member institutions use Title IV funding, it has been suggested by some witnesses and proposed in legislation that home study students be eliminated from funding opportunities because of the alleged inability by government to monitor home study.

There seems to be no question about correspondence education's effectiveness, the fact that it reaches hundreds of thousands of students who cannot otherwise avail themselves of educational opportunities, or the fact that it has been highly successful in training Americans for over a century. The NHSC believes that proposed exclusion of home study students from federal student aid programs and the allegations about home study's inability to be monitored must be addressed.

Eligible students deserve to continue to be entitled to federal assistance for study by correspondence because:

First, problems with monitoring home study are due primarily to the unwieldy structure of the Title IV programs, *not* because of the form of home study education, as demonstrated by successful support of home study by federal agencies like the Department of Veterans Affairs and by many large American corporations that encourage employee training by correspondence.

Second, the NHSC has taken an active role in curtailing abuses and making schools more responsive to their students and to federal aid requirements.

Third, correspondence education, contrary to the charge that it cannot be monitored, can in fact be more closely monitored -- in many observable ways -- than can resident education.

Fourth, the NHSC's proposal to reimburse schools only *after* educational services are delivered addresses and disposes of any concerns about the length of programs or course stretching.

Fifth, the fact that only one NHSC school is listed among the 225 proposed for elimination from the loan program demonstrates that home study schools do not pose any serious financial threat to the future of the federal aid programs.

II. **Correspondence Education is a Long-Standing American Tradition and Deserves to Rank High on the List of Educational Alternatives for Federally Aided Students.**

Some witnesses who testified before the Subcommittee on Reauthorization of Higher Education Act have proposed eliminating federal assistance for students who desire to study by correspondence. None of these witnesses, to our knowledge, has questioned the value of this form of education. They are presumably aware that millions of Americans have upgraded their skills or started new careers through study at home. While these witnesses have emphasized that federal educational assistance should be available to all Americans, they have made no attempt to refute the fact that millions of Americans, because of physical handicaps, job requirements or geographical isolation, are unable to attend a resident school. Instead, they have offered the unsupported allegation that correspondence education cannot be sufficiently controlled or monitored by third parties. For this reason, the Subcommittee has been urged to take an action that would deprive many otherwise eligible Americans from pursuing continuing education in the only form that may be available to them: home study.

As the national association representing 67 accredited home study schools, the National Home Study Council has over six decades of experience with correspondence education. It has a long history of working to obtain financial assistance to help students who wish to study by correspondence. We believe it would be short-sighted, as a matter of federal policy, for the Subcommittee to eliminate from federal assistance a form of education that serves a special segment of the population, is low cost, and is educationally effective. The extensive use of correspondence training by the federal government, particularly by the military services, is testimony to the utility and popularity of this educational method.

We believe it would be unfair to deprive those Americans who otherwise cannot avail themselves of an education of the entitlement to educational assistance which Congress intends to provide. The contention that for some ill defined reason correspondence education by its nature cannot be monitored is unsupported, with no analysis or facts behind it. If we look at what really happens in correspondence education, including the interaction with federal aid programs and how the NHSC Accrediting Commission has met the challenges posed by federal aid usage in schools, we find that correspondence study is a type of education that is most amenable to control and monitoring.

III. **Problems with Federal Aid to Home Study Students Cannot be Blamed on the Method of Education. Instead, the Cause of the Problems have More to do with the Unwieldy Architecture of the Student Aid Programs.**

Title IV student assistance has not been the only method used to subsidize home study education. Corporations like AT&T, Xerox, 3M, Ford, General Motors, United Technologies and dozens of others reimburse students who take courses with NHSC-accredited schools, as does the United Auto Workers. Corporations have found that home study is an effective way to upgrade worker skills and that they can attain sufficient control over the process to justify their investment.

Other federal programs that support home study education, such as the Montgomery GI Bill for veterans and the DANTES tuition reimbursement program for servicemen

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and women, have worked quite satisfactorily for many years for students who desire to continue their education through home study.

These examples demonstrate that it was not the method of education selected by the students that lead to the past problems, but rather the Title IV program and the way it had been constructed and administered.

IV. **Among the National Associations, the NHSC has been a Leader in Foreseeing Problems and Cooperating with the Department of Education to Correct Them.**

Shortly after the federal assistance program began in the late 1960s, the NHSC Board of Trustees voted in 1968 that schools should initially have no more than 10% of their student bodies comprised of federally aided students. Had this been followed -- the Department ruled that it was an illegal action to restrict access -- we would have seen the gradual absorption of federal aid into existing schools rather than the transformation or creation of institutions geared almost exclusively to federally aided students. More recently, in early 1990, the NHSC Board of Trustees endorsed as its proposal for Reauthorization a tough Four Point Plan specifically addressing federally aided students (see attached). This plan would require that a school maintain a certain percentage of its student body as self paying students, as has been the case with the GI Bill program for many years. This requirement would demonstrate that the course has "market appeal" to "self-financed customers" and would thus provide a consumer check on tuition level and overall course utility. In addition, the NHSC has proposed that schools be compensated only after delivering their educational services instead of receiving the money in advance. The NHSC stands alone in calling for federal aid "reimbursement" as opposed to "preimbursement."

Like the 1968 NHSC proposal, the Four Point Plan is not designed to make it easier for school owners to turn a profit. Instead, it would constrict the flow of federal funds to schools and would involve more school administration and less flexibility in the use of funds. Nonetheless, this proposal was unanimously endorsed by the NHSC Board of Trustees and reflects the Reauthorization position of the NHSC, which currently has fewer than 20% of its member schools participating in any of the Title IV programs.

The issue of course length and federal aid eligibility has been a troubling one for home study educators. It is apparent that a resident school orientation permeates the language of the law and the regulations: at every turn, the regulatory language has tried to force home study "squares" into resident school "round holes." It simply has not worked. Accreditation does not, and need not, address course length in looking at educational quality. However, because of the importance of this issue to legislators, administrators and federal auditors, the NHSC has entered into an agreement with the Department of Education to accept the responsibility of having course length validated by independent outside experts for schools enrolling Title IV assisted students.

The NHSC's Four Point Plan remedies the course length and standards of progress impasse by calling for reimbursement of tuition *after* training or education has been delivered. There would no longer be a need to worry how long a program is or how often a student studies: no funds would be dispersed until and unless the student has benefitted.

Finally, the NHSC and its Accrediting Commission have taken several legal risks in their efforts to respond to concerns about student aid. Two years ago, the Accrediting Commission changed its policy to provide that any federal agency providing aid to students of a school would be immediately notified upon an initial decision to withdraw accreditation. Accreditation might be restored after appeal, as the notification states, but the NHSC wanted to give the concerned governmental agencies the earliest possible warning so that they could decide whether to make an independent determination of the school's federal aid eligibility. Here again the NHSC adopted a posture that promoted the interest of students and taxpayers rather than those of school owners.

Similarly, the NHSC pioneered when it adopted an accrediting standard that declared that the filing of bankruptcy by an accredited institution would automatically terminate NHSC accreditation. NHSC took this step before the enactment of federal legislation which decreed that accreditation could not be considered as property of a bankrupt's estate. Attorneys specializing in representing private schools warned that the NHSC might be taken to court over this, but this recommendation has been in effect for the past two years as a further protection to students and taxpayers.

V. Ironically, Correspondence Education is More Subject to Control than Resident Education.

Every course developed by an NHSC accredited school must be approved by two independent subject matter specialists before it may be offered to the public for enrollment. In correspondence education, the ability of a course to meet its objectives can be determined by a review of the material alone, permitting a degree of evaluation that simply is not possible with any resident course of instruction except by sitting through the entire course (which may change the next time it is offered due to the choice of instructors).

In a correspondence school, voluminous and detailed records on students' academic and financial histories are maintained. Since communications with students are conducted over a distance, the typical home study school maintains extensive records on its contacts with students, as well as a detailed records of academic progress. This recordkeeping permits a easy path for auditing or other evaluation, and dispels the myth that a home study school is impossible to monitor.

Because home study is unfamiliar to most people involved in student assistance, some of those testifying before the Subcommittee suggested linking it with the more familiar resident mode as a condition of obtaining aid eligibility. This attitude is also found in the "lender of last resort amendment" to the Higher Education Act, which makes available such a lender to only those correspondence students attending schools that offer combination home study-resident programs. The implication is that "pure" correspondence education, the type offered by the majority of NHSC-accredited schools, can somehow be "sanitized" if the course requires resident training. The history of the Title IV program shows that this reliance is misplaced. The track record of "pure" residential schools hardly stands out in shining contrast to that of "pure" correspondence institutions, and the correspondence schools criticized by the Department of Education (and others) have almost always been combination courses which included a residential component. This, we believe, demonstrates that unfamiliarity with correspondence

education can cause people to blame the form of instruction unfairly for any problems and then propose to "solve" them by involving resident programs with which they are familiar.

VI. **The Only Area in Which Monitoring is Difficult -- the Amount of Time a Student Studies Per Week -- Can Easily be Addressed by Adoption of NHSC Proposal to Pay After the Educational Services are Delivered.**

Correspondence study is different from resident education in that its central characteristic is individualized, self-paced study. Home study students are literally in a "classroom of one." Most students who take a correspondence course do so because they are unable to attend a resident school due to the requirements of their family or their geographic situation. Home study students are usually older, on the average, than are those in other forms of education. Most are married and have family responsibilities, and seek either to upgrade their skills or acquire a new skill without giving up their jobs.

Unfortunately, little thought was given to the way correspondence education operates when federal rules were written. As a consequence, students are arbitrarily classified as "half-time," including those whose situation permits them to devote their full time and attention to completing their course. This definition has also led to the generation of a requirement that a student must study 12 hours a week, and past concerted efforts to enforce this regulation have led to misunderstandings and confusion. Although the NHSC understands that a student cannot stay in a suspended status for any appreciable period, allowing schools to collect tuition only after lessons are completed motivates both them and the student to push for completion as quickly as circumstances permit. If a student is unable during a given period to study 12 hours per week, no one is disadvantaged if no money has been paid on the student's behalf until a lesson is completed. Schools, on the other hand, would do their best to get students to submit lessons and many hours of audit time would be saved.

The NHSC's vast experience with correspondence education shows that the unsubstantiated allegations about the inability to monitor this time-tested form of education are without merit. We recognize that most members of the Subcommittee and the staff are unfamiliar with correspondence education. We are more than willing to provide sample lessons, arrange school visits or furnish any other information required.

Because of their small size and limited resources, correspondence schools are not able to mount a massive lobbying effort and are therefore vulnerable to attack by those who want to show that "something is being done" about past abuses. We understand that there is pressure on everyone involved. To respond by singling out the smallest group of students -- and institutions -- is hardly a proper way to deal with the massive, well-documented problems in the complex Title IV student aid programs.

VII. **Continuing the Eligibility of Correspondence Education Does Not Pose a Threat to the Financial Security of the Title IV Program.**

The Department of Education recently released a list of over 200 institutions

proposed for termination from Title IV eligibility because of high default rates over a three year period beginning with FY 1987. None of the institutions proposed for elimination because of defaults of over 60% are NHSC members and only one of the remaining 178 schools is a member. During this time, only 25 of about 80 NHSC schools elected to participate, and default statistics are now available for the 10 institutions which continue in the program today. Five of the 10 NHSC schools showed reductions in default rates between 1988 and 1989, and most reductions were significant. The average institutional default rate announced for the NHSC Accrediting Commission is just 23.4%, among the lowest of the agencies which accredit private schools.

VIII. Conclusion

History has shown that correspondence education works. It reaches people that no other form of education can, and can be monitored effectively by third parties who aid students. Its accrediting association has long been a leader in identifying problems posed by heavy infusions of federal dollars into education, and has proposed effective ways to meet them. We urge that Congress continue to assist students who choose to study by correspondence. This is often the only chance for an education beyond high school for many of our citizens.

News Release

National Home Study Council • 1601 18th Street, N.W. • Washington, D.C. 20009 • 202-234-5100

Contact: Michael P. Lambert

NHSC's Four Point Plan

NHSC's Position on Reauthorization of the Higher Education Act for Home Study

With the Higher Education Assistance Act scheduled to expire in 1991, Congress and the Administration have begun work on reauthorizing legislation to continue federal aid to students. The Board of Trustees of the National Home Study Council has adopted a Council position and recommendations regarding reauthorization of Title IV federal student aid programs.

The Council's position reflects the philosophy of the NHSC and will serve as the basis for its efforts to continue the availability of federal assistance to correspondence students. In adopting these points, the National Home Study Council hopes that students who wish to use federal student aid benefits for correspondence study can do so in ways that preserve and enhance the traditional benefits of the home study method.

The NHSC's *Four Point Plan* for reauthorized student aid for home study schools and their students is:

1. **A participating school must enroll a significant number of bona fide students who do not use the aid programs.**

   As a condition for institutional eligibility in Title IV student assistance programs, home study schools should be required to enroll a proportion of students who do not receive any Title IV federal student assistance. This percentage of non-federally funded students should be at least 15 percent of the enrollment in each eligible program.

2. **Aid should be disbursed as students successfully progress through their educational programs . . . reimbursement, not pre-imbursement.**

   Payments to the institution for federal student aid should be reimbursed after the student has successfully completed measurable segments of a course of study.

3. **The amount of federal aid to home study students should not exceed the published tuition amount.**

   Home study students should only receive federal assistance, including both grants and loans, equal to or less than the school's published tuition. The published tuition, for this proposal, could include reasonable, actual costs for travel to and from required resident training and living expenses during required resident training. Federal aid for resident training travel and living expenses should be disbursed when the student begins the resident training.

4. **Course length and standards of progress laws and regulations should allow for the independent, self-paced nature of home study.**

   Because of the student-paced nature of this method of education, federal laws and regulations should provide flexibility in the interpretation of course length requirements and standards of progress so that the advantages of the home study method are preserved.

The NHSC's overall goal in reauthorization is to assure access for correspondence study students in future federal programs so that these students have the same opportunity for federal assistance as students in other forms of education.

Adopted March 14, 1990

STATEMENT OF

ERNEST T. FREEMAN

PRESIDENT

THE EDUCATION RESOURCES INSTITUTE

I am Ernest T. Freeman (known as Ted to my colleagues) President and Chief Executive Officer of The Education Resources Institute (TERI), a national, not for profit corporation that provides education financing and information services. Since its establishment in 1985, TERI has helped families throughout the United States finance all levels of education through a variety of innovative financing programs. We have provided in excess of $500 million in student loans for private elementary and secondary education and for higher education from the associate degree through the doctoral program.

This statement has been prepared to provide input to the process of the reauthorization of the Higher Education Act of 1965.

Federal student aid funds (Title IV) are distributed based upon a process known as needs analysis. Needs analysis is that process by which the financial aid community solicits from students and parents detailed information about income

and assets in order to determine an "expected family contribution." This amount is then compared to "cost of education" to determine "financial need."

"Packaging" is the process by which the financial aid community determines how this "financial need" is to be met.

Both of these processes are exceedingly complex, and efforts to find standardized national norms have been ongoing and difficult. This is due in part to the healthy complexity of American higher education. Thousands of institutions of every conceivable mission and price serve young people and adults seeking postsecondary education. Such diversity results in a variety of answers to questions about how much students need and how these needs should be met.

There are at least two categories of critics of the current system. The first is a group of lawyers and economists who have been extremely critical of efforts by institutions to coordinate financial assistance. A number of leading higher education institutions have, as you know, recently signed a consent decree agreeing not to "collude" on these issues. The conservative economist Thomas Sowell, at the Hoover Institution at Stanford University, has been even more outspoken in his criticism. He has written in the June 24, 1991, issue of Forbes Magazine:

"In addition to the kind of financial aid which is simply a discount on paper, there is other financial aid in which money actually changes hands. Most of the latter is provided by the federal government, either directly or by underwriting student loans. Unfortunately the government has devised formulas which virtually guarantee that tuition will rise to levels unaffordable by most people. At the heart of these formulas is the "expected family contribution" based on family income, assets, number of children and other indicators of ability to pay. The government's aid is available when the cost of college exceeds this "expected family contribution." Even a small college could lose millions of dollars annually in federal aid if it kept its tuition affordable."

I do not agree with the negative assessments of the Attorney General's office or with Professor Sowell regarding needs analysis and packaging. They both disregard the years of hard work on the part of the aid community, education associations and the U.S. Congress in trying to ensure that all forms of aid are distributed fairly.

There is another group of Americans, however, whose concerns about the system I take much more seriously. Namely, that vast number of parents and students who consider themselves to be "middle-income." From these people we hear a rising tide of incredulity. The difference between their need as determined by the current system and their ability to meet that need seems to be growing.

One of the greatest challenges of the reauthorization process is to address this problem of assisting middle-income Americans in paying for college education.

In my view, the important but problematic issues regarding current needs analysis and packaging policies are twofold: (1) the extent to which families are actually able to afford their expected family contribution and (2) the ways in which families with demonstrated unmet need can actually meet that need. The key question which needs to be addressed is: What can or should be done to assist families who cannot afford college to come up with their expected family contribution, or whose children's financial aid package leaves them with unmet need?

Supplemental loan programs such as the TERI Loan Program have served to assist families to finance all or part of their expected family contribution or their unmet need. However, it is important to note that programs such as the TERI Loan Program are only able to offer financing assistance to families who are deemed creditworthy according to our application standards and guidelines. I am concerned about families who are unable to meet our credit standards and who are ineligible for federal student aid programs. What can or should be done to assist these families?

My recommendation is that attention be focused on the needs of middle-income families who are not normally eligible for existing federal aid programs, yet do not qualify for private, supplemental programs such as the TERI Loan Program. It is these families who are currently in need of financial assistance. Something needs to be done for families in the

$20,000 to $45,000 income range who are not able to participate in existing federal aid programs and who cannot qualify to participate in private, supplemental programs.

Two possible solutions are:

1. The rules that govern the existing Stafford Loan Program could be modified to allow students to be eligible for loans as long as the family's adjusted gross income was below $45,000. Mechanisms are already in place to allow for immediate implementation of this type of change. The cost to the government, however, could be quite high. Not only would default protection be required to guarantee agencies and lenders, but special allowance, administrative cost allowances and default collection allowances would also be required.

2. Another solution would be to build on public/private partnerships by providing default protection to organizations such as TERI when they make loans to families with incomes in the range of $20,000 to $45,000. The only cost associated with this approach would be the default protection costs. Again, mechanisms are in place to allow for immediate implementation of a program using private partnership resources.

Almost 50% of the applications received and processed for the TERI Supplemental Loan Program are rejected due to the families' debt to income ratio. The majority of these rejected applications are due to the fact that the family does not have adequate income resources to meet the high cost of education. They have already borrowed for their car, their home and other incidentals and this makes them ineligible for programs such as the TERI Supplemental Loan Program. These are families that read in newspapers and magazines that they are "middle-income" but who continue to struggle financially, especially when a son or daughter enters an institution of higher education.

I am keenly aware of the financial constraints under which the federal budget must operate. As I reflect on the difficult choices that must be made, I am convinced that the federal government does not have sufficient resources to provide full financial assistance to all students and families. Instead, efforts targeted at low and middle-income families should be treated as priorities.

In summary, I recommend that we continue to examine and assess the extent to which families can afford their expected family contribution and to look at ways for families to meet unmet need. I support fully increases in Pell Grants for the most needy students and I strongly suggest that special efforts be made to assist middle-income students and families who fall between eligibility for federal student aid programs and private

supplemental programs. It is these students and families to whom we should concentrate our efforts and resources to ensure continued access to one of our country's most valuable commodities, a college education.

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NATIONAL WOMEN'S LAW CENTER

Prepared Statement of

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Hearing before the
House Education and Labor Committee

July 30, 1991

[redacted]

I appreciate the opportunity to submit testimony on behalf of the National Women's Law Center, a non-profit organization concerned with advancing opportunities for women, particularly low-income women. Our testimony addresses one small program within the Higher Education Act that could have a major impact on the ability of low-income women with children to raise their families' standard of living through higher education. As you know, the ability to pursue a higher education is fundamental to the fulfillment of our national aspirations for equal opportunity for all individuals, regardless of their gender or economic or parental status. For many women, however, the lack of child care options presents the single largest obstacle to obtaining a higher degree. To meet the needs of these women, we urge that you reauthorize Subpart 8 of Title IV of the Higher Education Act of 1965, which authorizes appropriations of $10 million to provide campus child care services to disadvantaged students.

Although this program has not been funded in the past, the needs which it is designed to address are even more acute that when it was initially enacted during the last reauthorization of the Higher Education Act. Women are the fastest growing college population -- particularly women over 25, who are also more likely to be parents. Since 1970, there has been an almost 300 percent increase in the number of women aged 25 and up enrolled in institutions of higher education. Women over 25 account for half of the growth in student enrollment since 1970, and make up one quarter of today's college population. Women students are more likely to be self-supporting than men students, are more likely to be single parents, and, according to a study of Pell Grant recipients, have child care costs that are 50 percent greater than men's child care costs. It is not surprising, then, that

women who are enrolled in college often must drop out due to child care problems.

Child care is also badly needed to make college educations possible for many of the fifteen million female high school graduates aged 18 to 34 who have not gone on to college, but who might be able to if child care assistance were available. This is particularly true for the women who make up 90 percent of single parents and who are overwhelmingly likely to be poor.

The benefits of a higher education for women and their families are great. Currently, one out of three female-headed households, and 55% percent of all children in those households, live below the poverty line. People in female-headed households compose the majority of all poor Americans. Households headed by women of color are especially likely to be poor -- one out of two households headed by African-American and Hispanic women are poor. These rates drop dramatically when the head of household has a college education. Women's unemployment rates are cut by more than 55 percent when they receive education beyond high school, and women's earnings rise, on average, by more than 50 percent when a high school graduate obtains a college degree.

Enabling low-income parents to attend college also improves the life chances of their children. It is well-established that maternal education levels are closely correlated with educational achievement of children. Further, enrollment in high quality child care has a strong relationship to a child's future success. Children who attend good preschool programs

are less likely to require remedial services later in public school, are less likely to drop out of school and are less often involved in vandalism or juvenile crime.

Despite the advantages of providing child care to enable low-income parents to attend college, however, government programs often fund child care only for people who work or are in job training programs. Moreover, although nationwide data are not available, local surveys suggest that existing campus-based child care programs are not meeting the needs of students. For example, a recent study by the Massachusetts Institute of Technology (MIT), which has a relatively well-developed child care system, found that one out of four MIT parents had great difficulty obtaining care for preschoolers, and one out of two experienced great difficulty finding infant care. MIT's own campus child care center has a waiting list of more than a year, and the campus child care office typically listed few or no infant-toddler openings. These problems are much greater at less affluent colleges, including community colleges which are more likely to enroll older, female students with children.

The recent passage of the Child Care and Development Block Grant will go far towards meeting the child care needs of some families. However, the parental choice requirements in the regulations recently issued by the Department of Health and Human Services to implement the program will make it extremely difficult for campus-based child care programs to receive grants or contracts to expand services. Even if the regulations for the Block Grant were not heavily weighted away from grants and contracts, the limited amount of funds available through the Block Grant is not sufficient to have a major impact on the

population targetted by the Higher Education Act program.

For all these reasons, the Special Child Care Services for Disadvantaged College Students program should be reauthorized and funded. We would also urge that the program be modified to allow funded programs to (1) serve a teaching function so students may observe its operation, obtain practical experience in early childhood development, and conduct research through the center; and (2) provide a range of supportive services to disadvantaged parents of children enrolled by the center. By enhancing the resources available to train early childhood professionals, the program will help expand access to child care for all children. By more fully addressing the noneducational needs of disadvantaged college students through a range of supportive services, the program will better address the child care needs of the disadvantaged college students and potential college students -- and to improve the life chances of their children.

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